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NEWS SUMMARY

GENERAL

Green light for Welsh TV

A unified Welsh language service will be provided on the fourth television channel, to start in 1982. The Government yesterday agreed to revert to this manifesto commitment, bowing to a growing campaign of civil disobedience.

Mr. Gwynfor Evans, Plaid Cymru president, called it the biggest victory ever for the Welsh language, and said he would decide today whether to call off the protest fast he had planned over the issue.

BBC and commercial Welsh programmes will be carried on the second ITV channel. If this does not succeed, a two-channel service may be introduced. Page 6

Somoza killed

Anastasio Somoza, ousted as Nicaraguan dictator in a civil war last year, died in a bomb and machine-gun attack in Asuncion, Paraguay. Page 4

Golan bill

Israeli Knesset (Parliament) member Mrs. Guela Cohen promised a bill to annex the Golan Heights, captured from Syria in 1967. Page 4

Kim sentenced

West German Foreign Minister EEC members to join his government in protesting against the death sentence passed on South Korean dissident Kim Dae-Jung. Page 4

Laker threat

Sir Freddie Laker said he would take the British Government to the European Court if he was prevented from introducing cheap flights to Europe. Page 3

Leonardo pledge

Arts Minister Norman St. John Stevas promised to do all he could to kep in Britain the Leonardo da Vinci manuscript which is to be auctioned by the trustees of a stately home. Page 6

Tourist dies

A British holidaymaker recently returned from the Rio Park Hotel, Benidorm, died of Legionnaires' Disease and five others were found suffering from it, the Health Department said.

Walls dismissed

Zimbabwe Prime Minister Robert Mugabe dismissed his military comander, Lieut-Gen Peter Walls, accusing him of disloyalty and damaging Zimbabwe's interests.

Windscale alert

British Nuclear Fuels said two employees at its Windscale and Calder plants might have been exposed to contamination beyond normal limits this week. Investigations were being carried out.

Express talks

Talks were continuing last night on the dispute which prevented production of the London editions of yesterday's Daily Express and Daily Star. Page 8

The long view

Brazil's Government ruled out free presidential elections in 1985, saying it would be out of line with the country's "gradual" progress towards democracy.

Briefly . . .

CSKA of Bulgaria beat Nottingham Forest 1-0 in a European Cup match in Sofia.

BUSINESS

Golds up 23.2 at record 487.9

● EQUITY leaders regained some of the recent losses. The 30-share index rose 2.5 to 500.8. Widespread demand for South African golds pushed up the FT Gold Mines index 23.2 to a record 487.9. Page 38

● GILTS were a shade higher, with longs gaining up to ½, and shorts about ¼. The Government Securities index rose 0.14 to 70.61. Page 38

● GOLD rose $6 in London to $675.5. Page 28

● STERLING was steadier, closing 55 points up at $2.3925. Its trade weighted index was unchanged at 75.5. DOLLAR was slightly weaker overall. Its index was unchanged at 83.3. Page 28

● WALL STREET was up 15.79 at 961.69 before the close. Page 29

● BANK OF ENGLAND forecast a substantial cut in the annual rate of inflation over the next year, but is gloomy about prospects for output and jobs. Back page; editorial comment, Page 20; Details, Page 8

● GOVERNMENT is considering public sector cash limits providing for pay increases of 8 to 9 per cent. Back and Page 7; Economic Viewpoint, Page 21.

● BELGIUM will consider an emergency plan to break up Cockerill, its dominant steel producer, into independent operations, and inject fresh funds into the steel industry. Consett bid, Page 6

● INVESTMENT institutions have formed a company to back financially managers in British industry wishing to buy a stake in their businesses. Page 6

● BRITAIN should earn about £4bn from tourism this year in spite of the strength of sterling and continuing inflation, the tourist industry said. Page 6

● EEC ROW over New Zealand butter imports may be resolved without convening a special meeting of agriculture ministers. Page 30

● UNIONS in the textile, clothing and footwear industries have forecast a loss of 100,000 jobs by the end of this year. Page 8

● STRIKERS at a Derbyshire sealant factory will today consider a union recommendation to accept an improved pay offer, and have called off pickets. Page 8

COMPANIES

● DALGETY, the international merchant group which took over Spillers, announced record pre-tax profits of £33.3m (£31.5m) for the year ending June. Page 22; Lex, Back Page

● CONSOLIDATED Gold Fields boosted earnings for the year by 60 per cent to a record of £89.9m. The dividend total goes up to 22.5p from 13.5p. Page 23; Lex, Back Page

● BURMAH OIL increased taxable profits by £7.97m to £28.17m for the first half. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 13¼pc 92	£99⅞	+ ½
Anderson S'clyde	108	+ 5
Boustead	73	+ 9
Dalgety	295	+ 13
Estates and Agency	124	+ 8
Fairview Estates	297	+ 12
GKN	228	+ 5
Hampton Trust	82	+ 5½
Jardine Matheson	217	+ 12
Legal and General	253	+ 12
Man. Agency Music	174	+ 9
Parrish (J. T.)	120	+ 12
Pearson (S.)	233	+ 11
Pittard	38	+ 3
Richards Wall'ton	53	+ 4
Rowntree Mac'tosh	178	+ 8
Rush and Tompkins	344	+ 8
Sainsbury (J.)	520	+ 15
Simon Engineering	286	+ 8
Steel Bros.	157	+ 9
Westminster Cntry.	60	+ 4
Willis Faber	260	+ 12
Cons. Gold Fields	610	+ 20
Gold Mo. Kalgoorlie	510	+ 25
Hartebeest	£41	+ 2¾
Impala Plat.	525	+ 50
Libanon	£15¾	+ 1⅜
Otter Expln.	74	+ 10
Poseidon	320	+ 15
RTZ	487	+ 19
Rustenburg Plat.	347	+ 34
Supreme Crpn.	90	+ 35
West Drie.	£46½	+ 3⅜

FALLS

Bemrose	31	− 5
British Mohair	30	− 5
Inveresk	22	− 2½
Phicom	32	− 6
Burmah Oil	193	− 18
Sovereign Oil	308	− 12
Tricentrol	344	− 14

OPEC delegates fail to agree on oil price system

BY RICHARD JOHNS AND MARTIN DICKSON IN VIENNA

THE Organisation of Petroleum Exporting Countries failed reach agreement in Vienna yesterday on a system for indexing oil prices, an essential part of its attempt to evolve a long-term strategy.

Because of the deadlock, Saudi Arabia is not to lower its maximum production ceiling of 9.5m barrels a day until the end of the year, Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, said. Saudi Arabia accounts for a third of total OPEC production.

The failure to reach agreement also means that the present disarray over the price of oil will continue.

For the time being the basic Saudi price for a barrel of oil remains at $28 compared with a median of about $32 and a top price of $35.37 demanded by Iran.

Saudi Arabia had planned to cut production to ease the present market surplus and would have made its maximum level to 8.5m b/d if OPEC had agreed to proposals by a Ministerial committee on long-term strategy.

The continuation of the higher rate of output and the maintenance of the current Saudi crude price will not only sustain the surplus on the market, estimated at about 2.5m b/d, but will also seriously hit Iran, the member mainly responsible for the impasse here.

Exports of Iran's higher priced oil have slumped to almost 1m b/d as a result of the market glut. Saudi Arabia's strategy is clearly aimed at putting pressure on Iran, whose foreign exchange reserves, of which an estimated $5bn are frozen in American banks, could be depleted to a dangerously low level of Iranian oil cannot be sold.

Delegates in Vienna expressed hope that a compromise might still be reached before the convening of an OPEC summit, scheduled to take place in Baghdad early in November, which Iran will not attend.

Iran is evidently determined for political reasons—hostility towards Iraq, revolutionary zeal and lack of firm government—to block an agreement on the system of indexation and, consequently, the adoption of the long-term strategy report.

Oil Ministers were meeting last night alone to discuss the three related short-term issues of price unification, differentials between various crudes produced by members, and the overall level of OPEC production.

No decision was expected.

The delegates have agreed to meet again on October 14 in another effort to solve the problem of indexation and price unification.

Despite the failure of this conference to agree on the major components of a long-term strategy, a compromise proposal outlined by Algeria was under serious consideration and may yet provide the basis of agreement before the Baghdad summit.

The key elements of the Algerian proposal were that the 13 OPEC nations agree on an effective production programme and that in "certain circumstance"—presumably relating to market conditions—producers could raise prices by up to 5 per cent over and above the price set by the index.

Saudi Arabia is understood to be willing to co-operate in such a scheme if proposals for indexation contained in the long-term strategy report are agreed and adhered to by all other members.

But Iran effectively destroyed any chance of compromise. The long-term strategy proposals prepared over a period of more than two years by a committee chaired by Sheikh Yamani recommended that price should

Continued on Back Page

Nippon to build £40m Scottish microchip plant

BY RAY PERMAN, SCOTTISH CORRESPONDENT

NIPPON ELECTRIC Company is to build a £40m integrated circuits plant at Livingston New Town in Scotland—the first Japanese microchip investment in the U.K. The plant will be one of the biggest in Europe.

The announcement marks an advance in the Japanese semiconductor industry's campaign to increase its share of the European market, which has been heavily dominated by U.S.-owned companies.

American manufacturers have set up about a dozen chip production plants in Europe and account for about two-thirds of integrated circuit sales there. Japan's share of the European market was less than five per cent last year but is expected to grow rapidly.

Japanese manufacturers, aided by their Government, have rapidly caught up with advanced chip technology. In the past two years they have built up a strong position in the U.S. market for several widely-used devices.

The decision is of major importance to the UK which has spent considerable time and effort courting Japanese investment, particularly in the electronics industry.

Other major Japanese manufacturers are considering setting up European production plants following Nippon's decision and the announcement this month that Fujitsu is to establish a plant in the Irish Republic. A technical team from Toshiba is in Scotland this week looking at sites suitable for consumer products and micro chip plants. A small plant in West Germany has also been announced by Hitachi.

Nippon made the announcement following a visit to its Tokyo headquarters by Mr. George Younger, secretary of state for Scotland, who is on a promotional visit to Japan.

The company said that it would set up a new subsidiary provisionally named NEC Semiconductors (UK). It would acquire the Livingston site and start construction work as soon as possible.

It hopes to begin the assembly of large-scale integrated circuits from imported components in April, 1982, moving to wafer fabrication by early 1984. The plant will produce advanced circuits, such as 64K memory chips and 16 bit microcomputers.

Investment grant curb, Back Page

Industry may aid phones scheme

BY GUY DE JONQUIERES

THE GOVERNMENT is studying whether to ask private industry to shoulder some of the burden of financing the Post Office's ambitious programme to expand and modernise Britain's telecommunications system.

The scheme could overcome the constraints imposed by the Government's cash limits These prevent British Telecom, the Post Office's telecommunications arm, from further borrowing.

British Telecom wants to spend £1.5bn annually on its investment programme in the next five years. But despite the latest increase in telecommunications charges, averaging 17 per cent, it is expected to have severe difficulty finding the necessary funds itself.

There is also growing concern in Whitehall about the adequacy of British Telecom's system of internal financial controls. Shortcomings in the system are said to make it increasingly hard to obtain an accurate picture of the organisation's financial position.

To lighten the load on British Telecom, the Government is considering setting up a new consortium which would be made responsible for the development of projects like System X, the British digital electronic exchange, and fibre optics, an advanced method of transmission using light signals.

A number of companies would be invited to participate with British Telecom in the ownership and financing of the consortium, whose nucleus could be British Telecommunications Systems, the company established to market System X abroad.

The companies likely to be approached include the Post Office's traditional suppliers, General Electric Company (GEC), Plessey, Standard Telephones and Cables (STC), Pye-TMC and BICC.

GEC, Plessey and STC are all working with the Post Office on System X. But most of the cost of developing the new exchange, about £100m, has so far been borne by British Telecom.

It is thought that the new

Continued on Back Page

Cash limit plan

Cash limits providing for increases of not more than 8 to 9 per cent for public sector payrolls are being seriously considered by the Government. Back Page

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Peace hope in docks dispute

By Pauline Clark, Labour Staff

The first signs of real progress towards averting a national docks strike from Monday emerged yesterday, after a three-hour meeting of Britain's leading port employers.

A new peace formula drawn up in London by the National Association of Port Employers was put to Mr. Tom Cronin, national docks secretary in the Transport and General Workers' Union.

And, after telephone discussions with Mr. Cronin, Mr. James Fitzpatrick, association chairman, said: "We believe we have a formula which will be acceptable to the trade union."

The formula to end the dispute, which centres on proposals for redundancies among dockers in Liverpool, is to be put to employer and union representatives today at a meeting of the Joint Council for the Ports Industry.

Mr. Fitzpatrick is also chairman of the Liverpool Port Employers Association, which previously had told the union that it was making 180 dockers redundant at the end of this month.

The employers have said they cannot afford to keep paying the men under the docks' surplus labour scheme. But the union claims any move to place them on a Temporary Unattached Register, previously used only for disciplinary purposes, would be in breach of the 1974 Jones/Aldington agreement on dock-work regulations.

The executive of the TGWU last Monday approved the dockers strike call. It demanded a written undertaking from employers not to use the TUR.

The employers peace formula is likely to contain provisions for increasing severance pay for dockers. If it acceptable to the union side today, it would have to be put to a recalled dockers' delegate conference, the only body which can call off the strike.

Mr. Alex Kitson, deputy general secretary of the union, warned last night, however, that there could be physical difficulties in calling a conference in time to avert the strike.

The union yesterday formally secured the support of the General and Municipal Workers Union, whose members include dockworkers notably on Teesside. The National Union of Railwaymen has already instructed its members working in docks and at sea ferry ports to support the strikes.

Credit card changes follow criticism

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

ACCESS and Barclaycard, the two big credit card companies owned by the big clearing banks, have agreed not to prevent traders charging cardholders more than purchasers who pay in cash. The new policy, however, will not become effective for some months.

Their decisions follow the publication yesterday of a Monopolies Commission report which said some of the business practices of the two companies had operated against the public interest.

In addition to criticising the credit card companies' imposition of a "no-discrimination" policy on traders, the Commission was also concerned about discussions between Barclays Bank, owner of Barclaycard, and the joint Credit Card Company—which runs Access and is owned mainly by National Westminster, Midland and Lloyds banks—on matters that might materially affect competition between them.

The Commission argued that the "no-discrimination" rule, which has also been operated by the American Express and Diners Club "Travel and Entertainment" charge cards, has the effect of lessening competition by preventing a trader from offering different prices to credit card users and other customers. It was action by the clearing banks a few years ago to enforce this rule on petrol stations which led to the reference to the Commission.

The Commission recommends that all the card companies should abandon the no-discrimination rule, and that it should become illegal to have this provision in contracts.

Access and Barclaycard said yesterday that they would accept the recommendations. But both expressed concern about the possibility that traders might not be required to display clearly their intention to make different charges to customers paying by credit card.

The Commission's report reveals that in the past the two main card organisations discussed matters such as rates of interest, the possible introduction of an annual card charge, the "non-discrimination" rule, and rates that might be charged to particular traders.

Both organisations say such discussions have now ceased. The Commission feels that these were against the public interest because they had the effect of making traders liable to pay higher charges for franchises and to accept franchises on terms less beneficial to them.

The Commission wants the clearing banks to give appropriate assurances to the Director-General of Fair Trading that they will not in future discuss matters that are likely to lessen competition.

The report shows that the clearer's credit card operations have, in general, been very profitable in recent years. In particular, it considers that if National Westminster Bank were to maintain its present level of profitability and other banks reached that figure there would be cause for concern.

Details, Page 7

Major RTZ issue

BY IAN RODGER

THE LARGEST rights offering in the UK in more than four years was unveiled yesterday. Rio Tinto-Zinc is raising £123m through the issue of convertible loan stock on the bas of £1 of stock for every two shares held.

The big mining finance group, which has major mineral interests in Australia, Canada, the U.S. and southern Africa, intends to invest £44m of the proceeds in Australia and Spain. The remaining £79m will be used for unspecified "major investment oportunities" in the energy and related industries.

RTZ said the £27m to subscribe to its full entitlement of an Australian subsidiary's rights issue and the £17m to raise its interest in a Spanish mining company, Rio Tinto Minera, to 49 per cent, could have been financed by other means.

"The directors believe it desirable to raise additional funds to strengthen the long-

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Results, Page 24; Lex, Back Page

£ in New York

	Sept. 16	previous
Spot	$2.3830-3840	$2.3910-3920
1 month	1.14-1.04 dis	0.87-0.92 dis.
3 months	2.10-2.00 dis	2.16-2.11 dis.
12 months	5.55-5.26 dis	5.45-5.26 dis.

EUROPEAN NEWS

Robert Mauthner in Paris examines prospects for tomorrow's meeting

Sugar for Anglo-French apples of discord

EVEN THE greatest pessimists do not believe that the Anglo-French meeting in Paris tomorrow will turn out to be as bad as the last one in London in November.

On that occasion, Mrs. Margaret Thatcher, the British Prime Minister, had only one thought in her mind: a satisfactory settlement of the dispute over Britain's demand for a large reduction of its contributions to the EEC budget. What the French so vividly describe as the "dialogue of the deaf" on this point, left little time or inclination for other matters.

Solution

Logically (another over-worked French word), the solution of the great budget conflict in May this year should have cleared the decks for one of those great reconciliations which so frequently take place on the international stage, to the bewilderment of the man in the street.

But, though the temperature between London and Paris has dropped several degrees since the spring, the scars and loose ends left by the May compromise and new causes for irritation, such as French apple imports and fishermen's strikes, have prevented a restoration of real warmth to Anglo-French relations.

Mrs. Thatcher, it is true, did her best on French television the other night to sweeten the apples of discord by pouring the maximum amount of syrup over her questioner's polite probing about the present state of Anglo-French relations.

Why was it, the British Prime Minister asked plaintively, that journalists were always looking for rows and disagreements, when France and Britain had so much in common? It was a familiar politician's complaint, which completely sidestepped the use made by the British and French governments of their respective media to put over their national positions during the long months of disagreement over lamb sales and the EEC budget.

That said, it is certainly true that the virulence of some popular British newspaper comment about France, bordering in some cases on racialism, has left its mark at least on the ruling establishment.

The French, like anyone else, like to be loved, although they frequently give the impression that they are entirely self-sufficient and do not care about other people's opinions. There is now real concern in Paris about improving France's image in Britain, though it is clear that this will be an uphill task, given all the inbuilt prejudice on the subject.

Looking at the long-term political and economic situation, Mrs. Thatcher can hardly be faulted when she says that the two countries have much in common. The trouble comes on specific and often temporary issues, where national lobbies, such as farmers or fishermen, can bring a great deal of pressure to bear.

Unfortunately for Mrs. Thatcher and President Giscard d'Estaing, a number of such problems remain.

Potentially the most serious is their conflicting interpretation of the budgetary compromise reached last May. The French Government insists that it has every intention of carrying out the agreement, under which Britain's contribution to the EEC budget would be cut by £2bn by the end of 1982.

But it is emphasised in Paris that the agreement included an undertaking by Britain that it would not block farm price increases next year. Britain, on the other hand, denies that it has given a specific undertaking of this kind.

President Giscard faces a presidential election at the end of April and the beginning of May 1981, just at the time that the European Community is due to carry out its annual farm price review.

It is clear that he wants to avoid, at all costs, any farmers' unrest of the kind that occurred earlier this year, when Britain made its agreement on farm price increases conditional on settlement of the budgetary issue. If the British Government again dug in its heels on farm prices, the French would retaliate by vetoing the payment of EEC budget rebates to Britain.

The catalogue of potential disagreements between the two countries can be widened almost indefinitely to include proposals for a reform of the European Community's agricultural policy, its enlargement through the *entry of Spain and Portugal* and its trade relations with New Zealand and Australia.

Warriors

What is certain, however, is that neither Mrs. Thatcher nor President Giscard will want to fan the flames of disagreement. Even the fiercest warriors need a rest sometimes.

Both British and French are therefore hoping for a down-beat summit tomorrow at which the two leaders will be able to concentrate on those issues where there is already a large measure of agreement, such as Middle East policy, East-West relations and international economic problems.

Britain accused of trick over EEC refunds

BY WALTER ELLIS IN STRASBOURG

MONEY DUE to be repaid to Britain by the European Community in settlement of the budget dispute will not be used, as intended, to improve the country's infrastructure but as a means of reducing the public sector borrowing requirement, according to Mrs. Barbara Castle, leader of the British Labour group in the European parliament.

Mrs. Castle claimed in the Parliament yesterday that local authorities in Britain had been informed in a recent circular *that they should not seek to* apply for any of the £720m due in refunds from Brussels this financial year.

It had been reliably understood that some £550m of this year's rebate would take the form of increased community spending in Britain. This was nothing more than "an elaborate farce," Mrs. Castle said, and the money would instead be pocketed by the Treasury for its own monetarist purposes.

Many non-British MEP's agreed with the analysis. Mr. Pieter Dankert spokesman for the Budget Committee, said there were serious doubts that the money would relate in any way to regional development and restructuring, and Mr. Ove Fich of the Economic and Monetary Committee referred to issuing to Britain of "a blank cheque."

Conservative MEPs naturally sought to defend the Government's position, arguing that the budget deal had been a victory over injustice. The overall view, however, seemed to be that *something of a confidence trick* had been played on the Community and that the Parliament was powerless to prevent it.

Mr. Dankert and others argued that the settlement—reached by Heads of Government last May—covered "non-obligatory" (discretionary) expenditure and that Parliament, under the rules, had to give its approval. But Sig. Antonio Giolitti speaking for the European Commission, did not agree and the likelihood is that the Parliament will only succeed in delaying disbursements while this point goes through the EEC's conciliation procedure.

Mrs. Elaine Kellett-Bowman, a British Conservative member of the regional affairs committee, said that the bulk of the money was supposed to be used to promote industrial and regional development and that it was up to the commission to ensure this policy was carried through.

Suarez 'adopting left-wing' policies

By Robert Graham in Madrid

A DEBATE on the confidence motion sought from Parliament by the Spanish Prime Minister, Sr. Adolfo Suarez was due to begin late yesterday, with only the eight-seat conservative Catalan Nationalist Party firmly pledged to support the Government in addition to MPs of the ruling Centre Democratic party.

The initial reaction of the main opposition parties to Sr. Suarez's programme presented on Tuesday was, however, less critical than expected. Sr. Suarez made clear that he was seeking Parliament's confidence vote on two issues—the Government's economic policy and its regional policy.

Sr Suarez is almost certain to obtain the vote he requires, since his Centre Democrats hold 166 of the 350 seats. One potential ally—the right-wing Democratic coalition—indicated after Sr. Suarez's speech that it would not vote with the Government.

The main opposition Socialist and Communist *Parties* preferred to keep their criticism of Sr. Suarez's speech to the minimum, in readiness for the full debate. But the Communist leader, Sr. Santiago Carrillo, said that, by accepting increased public investment to move out of recession, Sr. Suarez was endorsing Communist policies.

Soviet oil output improves

BY DAVID SATTER IN MOSCOW

SOVIET oil production, which had fallen behind schedule, has made a modest recovery and appears set to achieve its revised annual target, according to the Soviet weekly, economic gazette.

The newspaper reported that production for the first eight months of the year reached 400m tonnes on the strength of increased production in July and August.

If the monthly production rate of 51.5m tonnes achieved in July and August can be maintained for the rest of the year, production will meet exactly its annual target of 606m tonnes.

Production continues to expand but the rate of increase has been declining steadily in recent years and the U.S. has predicted that production will soon stop increasing and begin to decline.

The original oil production target for 1980 of 620m-640m tonnes was set at the beginning of the 1976-80 five-year plan. Since then exploitation has been hampered by wasteful recovery methods, manpower shortages, and exhaustion of older fields.

The target for 1980 was lowered to 606m tonnes and there was doubt earlier in the year whether even that would be achieved because production for the first six months of this year stood at only 297m tonnes.

The industry has been set a supplementary target which has not been disclosed, although one Soviet newspaper reported that it had fallen short of the extra total by 1.7m tonnes in August.

Norway oil and gas goals

BY FAY GJESTER IN OSLO

OIL AND GAS fields earmarked for development on Norway's continental shelf will require investment totalling *some* NKr 35bn (£3bn), at current prices, over the next four years, the Oil Minister, Mr. Bjartmar Gjerde, told a meeting of the Norwegian Petroleum Association in Bergen.

Investment would total about NKr 8bn annually from 1980 to 1983, he said, but would thereafter fall rapidly, unless additional development schemes had been approved. Output during the 1980s would reach about 55m to 60m tonnes of oil equivalents per year, about half and half oil and gas.

A Conservative Party speaker at the meeting, Mr. Rolf Presthus, warned against allowing local politics to decide where to land gas from the Anglo-Norwegian Statfjord field.

Other considerations were more important such as what kind of industry Norway wanted, and *which solution was most* economically sound.

Different districts along the coast hope that the gas will be piped to their area, creating new industry and jobs. Britain is also seeking to buy the gas.

Statoil, Norway's state oil company, has found traces of hydrocarbons in the second well drilled this summer on a *promising new part* of the Norwegian continental shelf, above the 62nd parallel. The first well, drilled by Norsk Hydro, found neither oil nor gas.

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Alfa-Nissan project postponed again as Ministers disagree

BY RUPERT CORNWELL IN ROME

DISPUTES among Itallan Ministers bave again prevented the Government from taking a decision on the controversial plan for Alfa Romeo, tbe state-owned car manufacturer to set up a joint production venturo in southern Italy with Nissan of Japan.

The latest postponement of the nine-month-old acheme came after the failure yesterday of tbe inter-ministerial committee on industrial policy to reacb agreement. The issue now goes to Sig. Francesco Cossiga, the Prime Minister, for arbitration, but the delays so far experienced suggest that it will not be resolved qulckly.

The latest developments are a tactical victory for opponents of the deal wbo have argued that it would be wrong to make any decision while the more aerious qnestion of the 14,469 redundancies sougbt by Fiat, Italy's biggest motor group, is still open.

Sig. La Malfa: delay a kind of victory

This lobby, led by Sig. Giorgio La Malfa, the Budget Minister, and by Fiat itself, bas mantained that a venture with Nissan, even limited to tbe envisaged outpnt of 60,000 vehicles a year, for which Alfa would contribute 80 per cent of tbe parts, would amount to a Trojan borse, allowing the feared Japanese car industry a dangerous European opening.

It is widely felt that a decision on Alfa-Nissan can only be taken as part of the overall strategy for the troubled Italian car industry now being drawn up by the Government. The broad outline should emerge within a month or so.

The most exnlosive element now is the frustration of the workforces at both Alfa Romeo and Fiat. The Alfa workers are angry over the Government's refusal to endorse a scheme which would create 1,500 new jobs in the depressed area around Naples. The Fiat men are dismayed by their company's insistence on shedding a large number of employees to remain competitive.

For the third time this week, production at Fiat plants in and around Turin was at a virtual standstill yesterday. Sig. Enzo Mattina, a leader of the engineering workers union, told a rally in the city that the nnions would never accept redundancies.

Negotiations at tbe Labour Ministry in Rome between the two sides at Fiat appear to be making little progress, in part, at least, because of tbe militant mood of the rank and file in Turin, whicb national union leaders ignore at tbeir peril.

A two-hour demonstration also took place yesterdav at Alfa-Sud's works at Pomigliano d'Arco, near Naples, at which union speakers attacked the Government for its inertia. The rallies took place before the news of yet another Alfa-Nissan postponement became known.

Berlin railmen demand free union

By Leslie Colitt in West Berlin

STRIKING WEST Berlin employees of the East German Reichsbahn railway system demanding a free trade union, higher wages and Civil Service status, yesterday halted freight traffic between West Berlin and surrounding East Germany.

It is the first time they have gone on strike since 1949 when they demanded payment in Deutsche-Marks.

The West Berlin railway men are members of the East German Government - controlled Free German Trade Union.

Like Poland

Several of the strikers, who operate tbe S-Bahn elevated railway in West Berlin said that like the workers In Poland thcy would not go hack to work until all their demands were met.

Some 3,000 West German citizens work for the East German Reichsbahn in West Berlin and many of them are members of the tiny West Berlin Communist Party which is an offshoot of the East German party.

The strike has not spread to East Germany which does not tolerate stoppages, but a representative of the Reichsbahn from East Berlin arrived quickly to receive the demands of the railwaymen in an attempt to end the walkout. Railway telephone links between the stations in West Berlin were cut, presumably to contain the strike.

Wage structure

The West Berlin Reichsbahn employees are demanding the right to bave either representation as a separate body in the East German union or membersblp of the West German railway workers' union. They want DM160 (£37) extra a month, a new wage structure, four more days holiday and no reprisals against the strikers.

Many of the West Berlin railwaymen fear they may lose their jobs soon because the Reichsbahn has announced plans to cut S-Bahn services in West Berlin because they are losing money.

DUTCH BUSINESS AFTER THE BUDGET

Relief on tax but little help with interest

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH Government policy, announced in the 1981 budget this week, aims to direct resources towards industry and away from the public sector and the private consumer. Government spending will be cut by Fl 3.6bn (£774m) while Fl 1.3bn in welfare subsidies must in future be paid by the employee. Direct assistance to industry will total Fl 2bn, much of this paid for by raising the price of Dutch natural gas to foreign consumers.

The Dutch public is now considering how these proposals will affect the average small or medium business. Nearly 150,000 private limited companies (BVs) are registered alongside 8,000 ordinary limited companies (NVs). Although somo of the private companies are large concerns, most employ only a few dozen people.

A Nederland BV can expect direct relief in the form of a lightening of the tax burden on part of its stock profits aimed at easing the financing of the stocks. Relief will also be given in the tax treatment of assets. Companies are at present allowed to discount just over 1 per cent of their asset value before applying corporation tax. An increase in this percentage is planned.

The total saving to companies of these two modifications will be Fl.1.31bn in 1981. Just under half these funds will come from money set aside to pay for the now abandoned scheme of inflation-accounting with the rest coming from a rise in the gas price charged to foreign customers.

A Nederland BV, if it is in an expansive mood, will also benefit from an increase in investment premiums. Spending on equipment will now qualify for special Government aid amounting to 12 per cent until next July. When this extra bonus comes to an end, support will continue at a rate of 10 per cent, instead of falling back to the original rate of 7 per cent. Industry will benefit by an extra Fl 600m over the next nine months and by Fl 425m a year once the 10 per cent rate is re-established.

The Dutch Finance Ministry yesterday announced tax concessions on investors' dividend income. The first Fl 500 (£108) of interest income will be free of income tax. This move, which will free share portfolios of up to about Fl 6,000 from tax, should go some way towards reviving interest in shares, our Amsterdam Correspondent writes. The Government is also prepared to guarantee up to 50 per cent of investments by "participation companies," set up by banks and insurance companies to provide risk capital to industry. The Central Bank will also be more flexible in allowing banks to provide risk capital directly. This is intended primarily to broaden the access of small and medium companies to finance.

If the Nederland BV is in the building industry it can count on extra Government support next year. Aid totalling Fl 285m has been set aside to build an additional 9,500 dwellings in the public sector and another 1,000 other housing units.

These two grants form part of a Fl 655m programme which also aims to improve industrial training and the working of the country's labour exchanges, to promote energy conservation and to provide small amounts of direct aid to the shipbuilding and farming sectors. Export promotion will also get Fl 25m.

The effect of the budget on interest levels is likely to be small. The budget deficit is to be cut only slightly from Fl 14.7bn this year to Fl 13.1bn next.

Government spending will rise by 6 per cent to Fl 140.2bn next year while revenues will increase by 8 per cent to Fl 127bn. If the unions respond favourably the Government's appeal to reduce wage demands in return for extra spending, the total deficit may even rise. With Dutch interest rates so dependent on international developments, the financial manager of a Nederland BV would be unwise to rejoice too soon. Any fall would be welcome. A 1 per cent cut would save Dutch industry Fl 1bn.

If its banker is not prepared to lend money more cheaply the Nederland BV may find it more ready to put up equity capital. The Dutch Central Bank is expected to announce an easing of its rule that banks may only take a 5 per cent share in companies. Tuesday's Budget set aside Fl 110m for use as venture capital.

On the debit side, a Nederland BV can expect to pay more for energy as Dutch gas prices are raised in line with international price levels. It can also expect a larger postal bill. The Government has not changed its mind on the need for a firm guilder despite frequent pleas from exporters. Imported inflation still poses too great a threat to the open Dutch economy.

W. German drug exports up 15%

BY KEVIN DONE IN FRANKFURT

THE WEST GERMAN pharmaceuticals industry, the world's largest single drugs exporter, increased its foreign trade in the first six months of 1980 by 15.1 per cent to DM 2.29bn (£535.68m).

Weak sales in the domestic market, however, are again curtailing the industry's overall growth, and production of human medicines—representing about 80 per cent of the industry's turnover — increased by only a nominal 2.9 per cent in the first six months to DM 5.69bn.

The industry's positive trade balance was enhanced in the first half of the year, however, with pharmaceuticals imports increasing by only 10.3 per cent to DM 1.33bn.

Unlike most branches of German industry, the pharmaceuticals sector has shown no trend towards greater concentration in the hands of a small number of dominant companies.

In 1975 some 27.4 per cent of the German drugs market was controlled by the top five companies — Hoechst, Bayer, Schering, E. Merck (Darmstadt) and Boehringer Ingelheim—but by last year this share had actually fallen to 26.3 per cent, according to a study made by the West German Pharmaceuticals Industry Federation. The share of the top ten companies has fallen even more significantly from 44.6 per cent in 1975 to 40.8 per cent in 1979. Altogether more than 1,000 drugs manufacturers are based in West Germany, although around 81 per cent of the market is in the hands of the top 100 concerns.

The manufacturers represent one of the most intensive research and development sectors of German industry, second only to aerospace in the amount of money spent when measured as a percentage of the sector's turnover.

French initiative on seat of Europarliament

BY JOHN WYLES IN BRUSSELS

FRANCE HAS sparked the first move by EEC member Governments to snuff out any attempt by the European Parliament to decide unilaterally where its future meetings should be held.

At present an itinerant assembly holding the majority of its sessions in Strasbourg and a handful in Luxembourg, the Parliament is expected to vote before the end of the year

The French Government wants to head off this move for two reasons: first, there is a Treaty obligation on EEC member-governments to decide the "seat of the institutions," and second, it would like Strasbourg to become the Parliament's only meeting place.

In a statement to the EEC Council of Ministers on Tuesday, France asserted that in view of the rising concern in Parliament it was time for EEC governments to prepare to make a final decision on the seat of the institutions. As a result, the committee of permanent representatives, representing each member-state, has been charged with preparing recommendations.

Iran to attend French meeting on Eurodif

BY TERRY DODSWORTH IN PARIS

IRANIAN AND French officials are expected to meet in Paris during the next few days to discuss the future of Iran's controversial stake in the French nuclear fuel industry.

The assets were frozen by a French commercial court last December in the wake of an Iranian decision to abandon its nuclear power programme.

At that time, Iran said that it would not fulfil its financing commitment to Eurodif, the French-controlled uranium enrichment consortium from which the Iranians had been planning to draw fuelstocks. The Iranians also warned that they would no longer require the enriched fuel for which deliveries were due to start in 1981, and would not supply unprocessed uranium which they had been due to deliver to the consortium.

French officials were cautious yesterday about the prospects of a settlement to the dispute. The Iranians will officially be attending the annual shareholders' meeting of Sofidif, an investment group through which Iran's 10 per cent stake in Eurodif is held. Eurodif clearly hopes, however, that the broader question of Iran's future participation in the consortium can be raised.

While Iranian statements on Eurodif vaired widely over the last nine months, the last clear indication of their intentions came during July when the French were told that Iran was likely to resume a modest nuclear programme. According to French officials, the Iranians said they would maintain their stake in Eurodif and honour their financial commitments.

The Iranian assets in the French project are held in two patrs. The first, a $1bn (£417.19m) loan made to the French Atomic Energy Authority in the mid 1970s, was designed for investments in the Tricastin enrichment plant run by Eurodif. This is fully paid up, but the loan itself is now frozen in France, along with interest payments.

Secondly, Iran has been contributing another FFr 350m (£35.26m) to Eurodif in instalments to count against its 10 per cent stake. It is reckoned that about FFr 70m of this has not yet been paid, while the finance has equally been frozen by thec ourts. Further coutr hearings to decide the fate of these assets are due next month.

Despite other shareholding problems this year when the Italians reduced their stake, Eurodif has been able to cover its financing needs through a FFr 400m bond.

Laker holds to threat of court action

By Our Strasbourg Correspondent

SIR FREDDY LAKER confirmed yesterday that he intends to take the British Government before the European Court, if the Civil Aviation Authority continues to reject applications from Laker Airways to provide cut-price services to more than 600 European destinations.

It is the belief of his legal advisers that the European Community's competition rules are being violated by the activities of the International Air Transport Association and that a ruling by the European Court in Luxembourg would take precedence in this instance over British national legislation.

Fierce competition

If Sir Freddy gets his way, it could mean the effective end of air ticket price-fixing in Europe and the introduction of fierce competition involving not only Laker but also the major national carriers.

For customers, it would signal a newera on short and medium haul routes, comparable, perhaps, with that initiated on transatlantic routes three years ago, when Sir Freddy introduced his Skytrain to New York.

Speaking to members of the European Parliament, Sir Freddy repeated yesterday that, if the CAA turned down his appeal against an earlier rejection of his applications, it would become a matter for the European Court. He indicated that Ministers did not appear ill disposed to his plans but if the authority did not give way, it would be the Government, represented by the Department of Trade, which would be in the dock in Luxembourg.

Lord Bethell, a Conservative MEP and chairman of the "Freedom of the Skies" lobby, said that IATA was in breach of Articles 85 and 86 of the Treaty of Rome, which proscribe the organisation of cartels or monopolies affecting free competition.

Turkish policeman dies in worst violence since coup

ANKARA—A police chief was shot dead by gunmen and a prominent left-wing extremist was captured after a gun battle in Istanbul yesterday in the bloodiest incidents since the military aeized power in Turkey last Friday.

Police said Mr. Aykut Genc, a district police chief, and his wife were shot outside their home by two gunmen who escaped in a car. Mrs. Genc was seriously wounded

In another district, police shot and wounded Mr. Zeki Yaci, leader of the Marxist-Leninist Armed Propaganda Union. He escaped from a prison in the city last month while awaiting trial on murder charges.

The outlawed left-wing group was one of the most feared violent movements in Istanbul. It had claimed responsibility for two incidents last December and April when five Americans, including two servicemen, were shot dead in Istanbul streets.

Istanbul police said Mr. Yaci was captured after being wounded in a gunfight batween Left-wingers and police in the western Istanbul district of Avcilar.

In the first post-coup report of its type, the martial law command responsible in the north-eastern region bordering on the Soviet Union announced that 558 people had been detained and quantities of weapons and ammunition discovered in operations since Friday. This was a far higher total of detentions than usually reported from the area, where ethnic Kurdish separatist groups have been operating.

Repter

Belgrade to tighten financial grip

BY ALEXANDER LEBL IN BELGRADE

YUGOSLAVIA'S Finance Minister, Mr. Petar Kostic, has outlined plans to strengthen financial controls over the Yugoslav economy which appear to entail a considerable degree of re-centralisation.

Speaking on Belgrade television, Mr. Kostic said that the Government plans to re-establish the inter-bank foreign exchange market and to impose stiff penalties on enterprises which attempt to sell foreign currency above the officially fixed rates.

This is because some exporters have refused to sell their surplus hard currency funds to importers at the official rates and demanded unofficial rates from 15 per cent to 45 per cent higher.

The federal Government also intends to concentrate responsibility for the overall balance of payments in its hands. Under the present system each of the six republics and two autonomous provinces have responsibility for their own balance of payments.

S. Korean court sentences Kim to death

BY ANN CHARTERS IN SEOUL

A SOUTH KOREAN military court yesterday sentenced 54-year-old Kim Dae-Jung, a former Presidential candidate, to death for violating the national security law, the anti-Communist law, foreign exchange controla and martial law decrees.

Kim had been found guilty on all five charges against him on the 19th day of his trial. The charges included founding an organisation judged to be pro-North Korean in Japan in 1973, and plotting a rebellion to overthrow the Government in Seoul which resulted in violent riots in the city of Kwangju in May of this year.

The sentence closely followed the prosecution's recommendations. Prison terms ranging from three to 20 years were handed down on another 23 defendants.

Kim can appeal to a higher military court within seven days, once yesterday's verdicts have been confirmed by the martial law commander. He has 19 days in which to uphold or commute the sentences issued by the four-judge court. Following the completion of an appeal to a higher military court, the defendants may appeal to the civilian Supreme Court.

As the death sentence must ultimately be confirmed by President Chun Doo-Hwan before an execution can proceed, there is a chance that Kim's sentence could be commuted.

Determined and articulate opposition leader

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

THE KIM DAE SUNG case has profound significance for the future of South Korea, not mere because of Kim's own reputation as the country's moat determined and articulate opponent of euthoritarian rule but alao because of its international remifications.

Both tbe U.S. and Jepan have expressed strong concern over the case to the South Korean authorities, and Japan has hinted that the execution of Kim could do serious damage to relationa hetween Japan and South Korea.

Within Korea, the death of Kim could leave a permanent legecy of bitterness in the south-western province of Gholla, Kim's birthplace, and amongst liberals throughout the country.

Kim made his name in South Korea's highly restricted political world after narrowly failing to defeat the incumbent President, Park Chung-hee, in the Presideotial elections of 1972. These were the last direct Presidential elections held in South Korea.

After tbe elections be moved to Japan where he hecame politically ective among the large expatriate Korean Community in ways which apparently upset the Seoul Government. In August, 1973, under circumstances never properly explained, he was kidnapepd from a Tokyo hotel and returned to Seoul where he was placed under house arrest.

For the next six years, during which the Park regime continued in office, Kim was moved from house arrest to jail and from there to "hospital confinement" without at any stage being allowed to resume a normal life.

His chance came late in 1979, when the assassination of Preaident Park led to a series of moves towards greater democratic freedom. As part of thia process Kim's political rights were restored in early 1980, and be appeared to be one of the main prohable contenders for power in future democratic elections.

Kim's hopes of gaining power, and South Korea's hopes of full "democratisetion," were abruptly scotcbed after the now famous "May riots" in Seoul.

Kim was not the only leader arrested after the May riots, but he is the only one of national importance to he placed on trial for his life. Others, including the former Prime Minister, Kim Jong-pil, were released from jail after agreeing to retire into private life and after pleading guilty to by the military.

Given the strength and determinetion of the current army-becked Korean Government, it appears unlikely that Kim's death would lead to an immediate upheaval inside the country. Its long-term consequences, however, could be extremely grave both for the internal political harmony of Korea and for relations with other countries.

Kim Dae-jung: denied charges against him

Agreement near on price for Algerian gas

BY PAUL BETTS IN NEW YORK

THE LARGEST U.S. importer of Algerian natural gas said yesterday that it was optimistic that the bitter six-month dispute over the price of Algerian natural gas would be resolved shortly.

The Houston-based El Paso Compeny, which imported 224bn cubic feet of Algerian gas last year, said it expected a compromise would be reached soon between the U.S. anthorities and Algeria, the world's biggest producer of natural gas.

Algeria hes apparently decided to drop earlier demands that would have nearly trebled the price of the liquefied natural ges it sells to the U.S. Agreement in the next few weeks on pricing could have major internetional implications for the future of natural gas prices.

Earlier this year, Algeria stopped delivering LNG to El Paso. It wished to raise prices arguing that its huge gas reserves were worth the same in energy content as crude oil. Algerie has been taking a strong line within the Organisation of Petroleum Exporting Countries (OPEC) to push for parity between crude oil prices and natural gas prices which have generally been lower.

At the beginning of the year, El Paso was paying Algeria $1.95 per 1,000 cubic ft of gas, but in April Algeria asked for $6. El Paso refused to pay the new price and the subsequent halt in Algerian shipments seriously reduced the Houston company's earnings in the second quarter.

But Algeria now appears willing to accept a lower price to resume large scale LNG shipments to the U.S. and is reported te be considering a price below $5, close to the price of $4.47 currently being charged to U.S. customers by Mexico and Canada.

The U.S. authorities are understood to have been concerned that Algeria's original demands for much higher prices would have put pressure on Mexico and Canada to raise their gas prices. A settlement is thus expected to help atabilise natural gas prices in the world market in the short term at least.

Somoza killed in Asuncion bomb attack

ASUNCION—Former Nicaraguan President Anastasio Somoza and two companions were killed yesterday when an explosion and gunfire ripped epart their car in Asuncion, Paraguayan radio reported.

The radio said the explosion occurred yesterday morning, ahout eight blocks from the luxurious home occupied by Sen. Somoza, who was 54. The bodies of Sen. Somoza and his two companions, believed to be his chauffeur and a bodyguard, were taken to a hospital.

One radio station said three people besides Sen. Somoza were killed, but police would not confirm the report. The assassins were said to be from "a fairly large international terrorist group contracted for the purpose." Press reports said Sen. Somoza's body was struck by 25 bullets.

The former President arrived in Paraguay a year ago and was granted asylum by President Alfredo Stroessner of Paraguay. His removal by the Sandinista National Liberation Front ended nearly 50 years of rule by the Somoza family in Nicaragua.

Sen. Somoza's car was reported to be travelling down Avenue of Americas, a major thoroughfare, when the car was blocked by a small truck and gunfire erupted. President Stroessner rushed to the scene as soon as be learned of the death of Sen. Somoza.

A U.S. embassy official said Sen. Somoza was killed instantly, and that his car had heen blown apart.

No suspects have yet been arrested and no one has claimed responsibility, the official said. AP

Obote supporters in new bid for power

BY OUR FOREIGN STAFF

UGANDA YESTERDAY faced the prospect of its fourth administration in 18 months es supporters of former President Milton Obote demanded the removal of 11 Cabinet Ministera.

The chairman of the ruling militery commission, Mr. Paulo Mwanga, a close associete of Dr. Obote, was quoted on Uganda radio es saying that the 11 Ministers "would either voluntarily resign or be liable to dismissal."

The quarrel between Dr. Ohote's Uganda People's Gongress (UPC) and the rival Democratic Party (DP) and Uganda Patriotic Movement (UPM) came to a bead over a proposal to increase the number of parliamentary seats at stake in scheduled elections from 126 to 140.

The DP had strongly argued that the extra seats were required if Buganda—a traditionally anti-Ohote region around the capital Kampala—were to he adequately represented.

The 11 ministers, most of whom have DP or UPM allegiances, voted for the proposal, which was nevertheless defeated. Among those who walked out of the National Consultative Council, which is the country's interim parliament, was Mr. Yoweri Museveni, the leader of the UPM and a member of the military commission.

If Mr. Mwanga can enforce the dismissal of the anti-Obote ministers, it will mean that the Uganda People's Congress, last in power in 1971, has effectively retaken control, and the general elections scheduled to be held by the end of this month will not he able to take place.

These were already in douht because of the combination of administrative and security problems. But the DP and UPM are likely to hoycott any poll held by a pro-Obote administration.

The two key factors in the survival of the present administration will he the reaction of Tanzania and the loyalty of the Ugandan army. Some 20,000 Tanzanian soldiers and police are still in the country, and it was their acquiescence last May which allowed Mr. Mwanga to oust ex-President Godfrey Binaisa. He remains in their custody.

Dr. Obote himself is a close friend of President Julius Nyerere, hut the Tanzanian leader is known to be concerned both ahout the costs of keeping his men in Uganda and the need for a stable, internationally recognised Government to preside over the rehabilitation of a devasted economy. Unless free and fair elections are held it is unlikely that any administration would win such recognition.

The second factor is the response of the small, poorly-trained Uganda army. However, both Mr. Mwange and Dr. Ohote have close ties with the military, and although Mr. Museveni is a former guerrilla leader it is unlikely that he can command sufficient backing from the military

The most sensitive area will be the capital itself, where DP support is at its strongest. The removal last year of Professor Yusufu Lule, who succeeded the ousted dictator Idi Amin, was marked by strikes and demonstrations in Kampala, the main commercial and industrial centre.

But even if the new administration is able to kaep control, Uganda will have retained its reputation for instability which in turn has prejudiced international aid efforts and left foreign investors extremely wary.

Gang of Four trial 'imminent'

By Tony Walker in Peking

THE TRIAL of the Gang of Four in China is imminent and expected to begin by the end of the month.

A Chinese justice official is said to bave told this to a visiting delegation within the past week, apparently confirming reports at the time of the recent National People's Gongress.

The gang, who include the widow of Chairman Mao, Jiang Qing, have been held in jail since their arrest in 1976, soon after Mao's death.

The four have heen accused of serious crimes against the state. The charges carry the death penalty.

Chairman Hua Guofeng, in his speech to the congress, made it clear that the Gang of Four would be charged with counter-revolutionary activities, a serious charge under Chinese criminal law.

Other members of the gang include the three "Shanghai Radicals." The three—Yao Wenyuan, Zhang Chunqiao and Wang Hongwen — had their power base in Shanghai during the Cultural Revolution.

Since their arrest the gang have been hlamed for most things that have gone wrong in China over the past 15 years.

Most anger has heen directed against Jiang Qing, who is regarded as the gang's leader.

Mr. Deng Xiaoping, who was purged twice during the Cultural Revolution, has recently described Mao's widow as en "evil" woman.

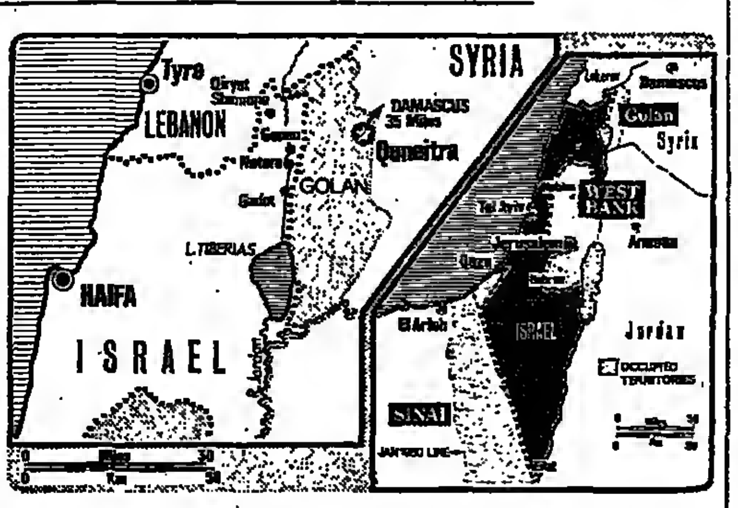
Mr. Deng told a visiting group of Japanese politicians at the weekend the trial would hegin soon but did not divulge the exact starting date. He did say, however, thet it would he open to Chinese—presumably a select group—but not to foreigners.

The State has been amassing evidence against the Gang over the past year. There have been suggestions thet some of this evidence may be emberrassing to the late chairman Mao and even to Chairman Hua.

Mr. Deng also made it clear to the Japanese that the charges make no reference to Mao. He accused the Gang of Four of trying to shift responsibility for the excesses of the Cultural Revolution onto Chairman Mao

Mrs. Cohen's plans to annex the Golan

BY DAVID LENNON IN TEL AVIV



ISRAEL'S most fiery politician, Mrs. Guela Cohen, is planning to table a hill in Parliament to ennex the Golan Heights, captured from Syria in 1967. Following her success with the controversial Jerusalem hill, she is confident that the Knesset will support the Golan hill, despite the damage this would cause to the peace process.

Passionately convinced of Israel's right to retain all of the territories captured in 1967, Mrs. Cohen wants the Golan annexed now. This, she helieves, will make it virtually impossihle for any Government to trade it for peace with Syria, in the same way Israel gave up the Sinai in return for peece with Egypt.

Heving fiercely opopsed the surrender of Sinai, Mra. Cohen was not in thel aest perturhed by the uproar cauaed hy her hill reaffirming Israel's ennexation of Arah Jerusalem for her, the fact that it hampered the negotiations over the occupied West Bank and Gaze Strip more than offset the fact that 13 countries removed their emhassiea from Jerusalem in protest.

Many members of Israel's Knesset now regret having voted for the Jerusalem Bill. But despite this there is a very strong lohby in Parliament for annexation of the Golan. In addition, recent public opinion polls showed that 75 per cent of the electorate also favours annexation.

In the Knesset a group of 30 mebers bave formed a 'Golan lobby" dedicated to retaining the Golan as part of Israel. In the past, they have been reluctant to press for outright ennexetion. But with Mrs. Cohen breathing down their necks, they too have announced that they plen to table a bill calling for the extension of Israeli law to the Golan.

The brooding Golan plateeu, which overlooks the northern pert of Israel, was captured from Syria during savage hand-to-hand fighting in the 1967 war. Syrie tried to recapture it in 1973, but despite early successes its troops were eventually driven back towards Damascus.

Israel now controls an area stretching over 40 miles from the Hermon mountain range in the north and sloping down to the Yarmuk river just south of the Sea of Galilee (Lake Tiberias). The Israeli-beld sector penetrates 15 miles into Syria et the widest point between the old Israeli border and the current front lines.

Unlike Jerusalem where the motive for annexetion was historical and emotive, the Golan for Israel is primerily e military ecquisition, serving in the west to protect Israel's northern villages and in the east to threaten Damascus.

Before 1967 Syrian guuners used to shell Israeli farmers in the valley helow whenever the land-hungry Israelis tried to till disputed patches of land along the border. In response Israeli warplanes would hlast the Syrian hunkers. These clashes occurred with monotonous regularity every year during the sowing and reaping seasons.

L. Daniel reports from Tel Aviv: Israel is to spend £9m on oil exploretion during the current fiscal year, drilling at 20 sites. More than half the money will come from Government funds, the rest from private investors.

None of the 11 wells sunk since April has yielded oil in commercial quentities. Another nine drillings are planoed for the coming months, including a deep drill near Sodom (Deed Sea).

However, the numher of drills still falls short of the 30 each year recommended hy U.S. oil experts.

The Governmeat is meanwhile examining the possihility of routiog the proposed Mediterranean-Dead Sea Canal around the Gaza Strip to avoid possible political complications.

It is estimated that preliminary planning will take two to three years and will cost £30m.

Carter draws ahead of Reagan in poll

BY DAVID BUCHAN IN WASHINGTON

A NEW opinion poll, released as Mr. Jimmy Carter yesterday wound up e campaign swing through four states, puts tbe President three percentage points ahead of his Republican rival, Mr. Ronald Reagan.

The 38 to 35 per cent lead for the President over Mr. Reagan in the letest New York Times/CBS network survey is a sbarp reversal of political fortune for Mr. Carter, who a month ago in the same poll trailed the Republican candidete by 27 per cent to 43 per cent.

Interestingly, the new poll shows no decrease in support for Mr. John Anderson, the independent runner, who scored 14 per cent compared with 13 per cent a month ago.

This suggests that the President may have less to fear from Mr. Anderson siphoning off votes from the Democratic ticket than is widely supposed. Mr. Carter has hoycotted the first televised campaign debete on Sunday because Mr. Anderson has been invited to take part.

However, the New York Times poll would bave to be confirmed by other surveys for a trend to emerge, and Mr. Carter's three-point lead is less than the margin of sampling error.

Venezuela shows lowest growth for ten years

BY KIM FUAD IN CARACAS

VENEZUELA'S GROSS domestic product (GDP) grew by less than 1 per cent in 1979, the lowest level in more than a decade, according to the centrel bank.

Only the oil industry (Venezuele was the world's seventh-largest producer and exporter leat year) showed major growth, rebounding from a 2.2 per cent decline in 1978, to a 6.1 per cent expension in 1979, according to the bank's annual economic review released on Tuesday.

The overall decline in GDP growth to 0.7 per cent last year, egainst advences of 3.2 per cent in 1978 and 6.8 per cent in 1977, reflected deliberate Government efforts to cool the overheated economy and other factors, the benk said.

Tight credit policies led to a 9.8 per ceot decline in the construction iodustry, while growth in egricultural output slowed to 3.7 per cent es opposed to 6.3 per cent in 1978. The manufacturing sector saw its growth decline from 4.9 per cent in 1978 to 3.8 per cent lest year.

Externally, government policies led to positive results, with the balance of peyments deficit reduced from $5.7bn (£2.7bn) in 1978, to $287m last year, as the country's trade account turned round from a $2hn deficit to e $3.3bn surplus over the same period.

Exports rose hy 55 per cent last year to almost $14.2bn, with oil representing 96 per ceot, or nearly $13.7bn, while imports declined by 3.5 per cent to $10.8bn. Tourism revenue was down by 3.5 per cent to $1.3bn.

The deficit on the services eccount remained unchanged at $3.2hn, while oo comhined current and capital accounts there was a $1.1bn surplus, egainst a $1.5bn deficit in 1978. Internetional reserves grew by 16 per cent to close 1979 at $8.8hn.

The rete of inflation during the yeer rose to 13.4 per cent, the hank said, against 11.8 per cent in 1978. The hank attrihnted the rise to increased production costs, higher cost of money and elimination of a number of price controls. It said that expansion of liquidity, which grew by 14.8 per cent, the same as in 1978, played virtually no role.

Governor defeated

By Our Washington Correspondent

GOVERNOR Dixy Lee Ray, a strong supporter of nuclear power, has been defeated in her bid for Democratic re-nomination to a second term in Washington state. Miss Ray's defeat was the only big surprise in the last round of primary elections on Tuesday, and her fate may indicate how tha concern on nuclear issues such as reactor safety and waste disposal will feature in the presidential race. Mr. Ronald Reagan has endorsed nuclear power in stronger terms than President Jimmy Carter and Mr. John Anderson, the Independent runner.

Governor Ray was formerly head of the Atomic Energy Commission in Washington DC. While holding this post her engaging hallmark was her insistence on wearing bobby-socks and living in a caravan.

Washington state has an important nuclear facility at Handford, one of the handful in the country capable of making plutonium. Anxiety about safety has risen in those states with nuclear facilities, but unlike, for instance, her counterpart in South Carolina, Miss Ray never modified her belief in nuclear energy.

Argentina devalues

THE ARGENTINIAN central hank said yesterday that the peso will he devalued against the dollar by 1 percentage point per month from November onwards.

In October 1979, the hank said the peso would be devalued against the dollar by 2.8 percentage pointa in January with the rate of devaluation falling hy 0.2 of a percentage point each subaequent month.

This resulted in a change for next month of 1 percentage point and would have meant the devaluation rate falling to zero by next March.

Jurek Martin, in Houston, follows Ronald Reagan into a bitter war of words in the Texas heartland

House out of order, down Mexico way

RONALD REAGAN rode into Texas this week after Mexicans and money. He got a few of the former and a lot of the letter, hut wbat be mostly found himself embroiled in wes a trans-continental war of words with Jimmy Carter, each exchange, it seemed, naatier than the one which preceded it. It was a harbinger of what is shaping up to he a mean campaign for the presidency of the U.S.

September 16th is the most illustrious date in Mexican history. On that day in 1810 Fether Hidalgo y Costilla issued his femous call to arms that formally set in motion Mexico's delivery from Spanisb colonialism. Today, es hest es can ha measured, nearly 20 per cent of the population of Texas is of Hispanic, principally Mexicen, origin.

As a hlock, Mexican Americans, if they vote, constitute Mr. Reagan's Texan Achilles heel. So, on Tuesday, 170 years after Father Hidalgo's momentous address, the Republican candidete set out across South Texas to liberate the Mexican constituency from what he sees as the oppressive yoke of the Democratic Party and Jimmy Carter.

Texas, the fourth most populoua state in the union, is critical to the national outcome in November. The omens are good for Mr. Reagan here: modern, oil-rich Texas is founded on the sort of larger-than-life "can do" individualism that he likes to evoke; it dislikes government in general and the current head of it in Washington in particular.

The atate Republican Party is on the rise. Once an absolute Democratic fiefdom, the house that Sam Rayburn and Lyndon Johnson built, Texas now bas a Republican Governor, William Clements, a Republican Senator, John Tower, four Republican Congressmen, not to mention a Yankee-cum-Texan, George Bush, on the Reagan ticket, and the politically uhiquitous John Connally moving his influential oar.

On Tuesday Mr. Reagan even enjoyed the travelling support of a previously non-political Texan demi-god. This was Roger Staubach, the recently retired quartarhack (on-field general) of the immensely successful Dallas Cowhoys football team, a pristine born-again Christian who announced, tremulously, that he had "made a commitment" to Ronald Reegan and, according to cynical local opinion, to a political career for himself.

But the potential fly in the Reagan Texas ointment remains the Mexican vote. Mr. Carter's campaign is already making mucb of the Republican candidate'a alleged historical insensitivity to racial minorities.

The President himself spent Monday in South Texas and Houston pre-empting the Reagan mission; and when Mr. Reagan got here, be found Mr. Carter bad no intention of allowing him e tronble-free campaign.

Thus, in San Antonio on Monday night, Mr. Reagan touched down to find himself besieged with questions on what did he think of the Carter innuendo that he, Reagan, was being kept on ice away from the Press for fear that he might say something foolish. The next morning it was more of the same: what was Mr. Reagan'a position now on the 1964 Civil Rights Act and on social security; in the blistering heat of dusty Harlingen, near the Mexican horder, there was another Carter jibe, delivered in a hlack church in Atlanta, implying that one candidate was perhaps preaching the old politics of "hate" in mentioning the Ku Klux Klan and "states rights" — hoth racial code-words.

The President, it was obvious, was trying to goad Mr. Reagan into the sort of cereless extemporaneous respoose that got him into so mnch trouble earlier this month — on the KKK, on the "nohle cause" of the Vietnam war, on evolution. Since then, Mr. Reagan bas indeed been nnder wraps, sticking strictly to tha script he delivers so well; thera are no more on-the-road freewheeling conversations with the travelling Press, no more straightforward Press conferences.

Such was the Carter volley this week, though, that Mr. Reagan bad no alternative hut to respond — and with increasing blle of his own. Every time he emerged from his limousine for an engagement the Press, wild to the latest news from Mr. Carter's travelling circus in another part of the country, descended on him like a swarm of electronic bees, hrushing aside the hurly protective helmet of his Press secretary, Lyn Nofziger. At first, Mr. Reagan was mildly indignant but mostly defensive; well, Mr. Carter would not know ahout the cempaign hecause he was stuck in the rose garden; yes, he had had reservations ahout Civil Rights legisletion but be hed seen it work and was now satisfied; no, he was not ahout to dismantle the social security system, an old charge that has been thrown at him over the years; enyway, Mr. Carter should say these thinga in a national television debate whicb he was shuoning.

But in Harlingen, briefed in edvance by the faithful Nofziger that a reaction was reqnired to the "politics of hate" charge, Reagan's tone was sharper. The suggestion, he said, was "harmful and shameful"; he and Mr. Carter might be on opposite sides of the political fence, hot his opponent should not ha saying such divisive tbings.

It could have been coincidence, hut when Mr. Reagen got to Houston in the evening, he was more hiting, more sarcastic in his denuncietion of Mr. Carter then hitherto. His eddress to what was described as the most successful political fund-raising dinner ever—2,800 Texans paid $1,000 apiece for stuffed veal, indifferent Californian wine, Gerald Ford, Anne Armstrong, Mr. Bush and Mr. Reagan—wes tbe standard stump speech: in favour of free enterprise and stroog defence, of dismantling the newly created Department of Education and Energy.

Lost in thia trans-continental war, somehow, was the whole question of the Mexican-American vote. For Mr. Reagan, this mey have been just aa well, for his rallies in San Antonio, home of the Alamo, a lovely leafy city and, it is surprising to find, the 10th-largest metropolis in the country, and in torrid Harlingen, did not produce particularly big or enthuiastic ethnic crowds.

Gorpus Gbristi, with Mariechi hands in the fore, was rather better.

Yet there seemed little rapport between the candidate and his audience. This may be partly hecause of the role played by Mr. Reagan'a principal advocate in the Spanish-speakiog communities, Mr. Ben Fernandez, the Southern California businessman who was a minor Republican contender earlier this year. Mr. Fernandez exudes teeth and self-confidence, but alao a penchant for not getting things quite right. Thus, in San Antonio, he caused minor mirth by introducing Mrs. Armstrong as "the Ambassador to the Court of King James," the diminutive Senator Tower as "a giant," the Democrat-turned-Republican John Connally as "a man for all seasons," and he also kept comparing Mr. Reagan himself to the American eagle. This prompted one local Texan wag to lean over and remark: "What does he mean? Nearly extinct?"

Soviet Union, Iran in agreement to boost goods traffic

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION and Iran have signed a new financial and commercial traffic arrangement which calls for increased goods shipments between Iranian and Soviet territory by way of rail, road and sea routes.

The main point of the agreement calls for the expansion of cargo and Customs facilities at Julfa, the Iranian border post where rail shipments from the Soviet Union are processed.

Most of Iran's rail deliveries from Eastern and Western Europe hava passed through Julfa in the last 10 years and the volume of shipments has come to as much as 2m tonnes a year.

At present, only 150 wagon loads of goods per day are being shipped across the border through Julfa. Trains cannot cross the Soviet-Iranian border because the tracks have a different gauge, but an Iranian official said the two countries hope to increase the volume of goods traffic to as much as 300 wagon loads a day.

The Soviet Union is constructing a power station to electrify the rail connection between the Soviet-Iranian horder and the Iranian city of Tabriz.

Earlier this year, when it appeared tha U.S. might impose a military blockade against Iran, the Soviet Union indicated that Iran could count on massive trans-shipments of goods from Eastern and Western Europe across Soviet territory.

There has ben relatively little progress since then, however, in expanding the capacity of the overland rail and road routes and the facilities at Iranian Capsian Sea ports.

The transit agreement called for expansion of the capacity of the newly built Soviet truck cargo terminal at Astara and a similar terminal is being built on the Iranian side.

There was also agreement on the need to expand the port facilities at Bandar Anzali (formerly Bandar Pahlavi) on the sonthern shore of the Caspian Sea, where the Iranians presently process only 200 to 300 tonnes of cargo from the Soviet Uninn a day.

However, efforts to finalise a new trade agreement in the last few months bave fallen foul of Iran's unilateral decision to stop the flow of gas to the southern Soviet Republics of Azerbijan, Georgia and Armenia along the IGAT-1 pipeline. The gas exports have still not been resumed.

French electronics show first surplus

PARIS—The French electronic and data-processing industry experienced its first trade surplus last year, the Industry Ministry said yesterday.

Tha surplus amonnted to FFr 503m (£51m), with overall exports of FFr 25bn and imports of FFr 24.984bn.

The Ministry points out that trade surplnses of FFr 5.8bn in industrial equipment and FFr 104m in electronic components, have offset deficits of FFr 3.6bn in the consumer goods sector and FFr 1.8bn in data-processing and office equipment.

Overall production in the industry, which emplyes 305,000, increased 16.3 per cent to FFr 71.7bn from FFr 61.6bn in 1978 and FFr 54bn in 1977.

Of last years total; FFr 43.3bn was accounted for by the electronics setcor and FFr 28bn by data-processing and office eqnipment. These compare with FFr 38bn and FFr 23bn respectively in 1978.

● Philips, the Dutch electrical group, has signed a licence agrement with Samsung Electronics of Seoul, allownig the South Korean company to make, sell and use video disc players based on the system developed by Philips and MCA of the U.S.

Samsung is part of a diversified industrial and trading company with 1979 sales of $3bn, Philips said. It is involved in construction, shipbuilding, textiles, chemicals, insurance, electronics and telecommunications and has offices in New York, Tokyo and Frankfurt.

Agencies.

Angola buys Fokkers

Fokker, the Dutch aircraft manufacturer, announced the sale of two turboprop F-27s to Angola bringing total world sales to 715, Charles Batchelor writes from Amsterdam. The company will deliver an F-27 maritime version within a few weeks to Taag-Angola Airlines for use in fishery protection, offshore installation control, search and rescue and sea surveillance duties. It will also deliver an F-27 Mark 500 to Sonangol, the state oil company of Angola, in March 1981.

Kenya truck plant switch

BY JOHN WORRALL IN NAIROBI

COMMERCIAL VEHICLE assemblers in Kenya are rapidly switching to diesel to rednce the country's high petrol costs.

Leyland Kenya and General Motors Kenya have already started assembling diesel-driven vehicles, the objective being to dispense with petrol-driven models sometime next year.

A four-wheel drive diesel Chev-Luv from General Motors is already on the road and is soon to be officially launched.

Leyland Kenya is working on the engines of the Kombi with a view to changing it to diesel. It has already introduced a diesel-powered canter truck to replace the one propelled by petrol, and there is also a likelihood of the company introducing a diesel-powerad Land Rover.

Cairo deal reinforces Italy arms success

By Rupert Cornwell in Rome

THE INCREASING success of Italy's arms manufacturers has been reinforced here by the announcement of a deal worth $140m (£58.5m) for Agusta, the aerospace company controlled by the State-owned EFIM group, to supply Egypt with helicopters.

The agreement, signed in Cairo, involves large CH-47C transport helicopters together with the supply of spare parts and technical back-up assistance. Delivery is expected to begin shortly.

At the same time the prospects of Italy securing the mooted contract to supply Iraq with navy vessels, worth np to $2bn and including four Lupo-class frigates and six missile corvettes, look brighter than ever

This at least is the impression emerging from the warm statement issued after a five-day visit here by a top level delegation from Bagbdad led by Mr. Izzat Ibrahim, vice president of the Iraqi Revolutionary Council.

Iraq, which is already Italy's second biggest oil supplier covering 20 per cent of its needs, has given an undertaking to make sure that it does not fail to cover Italy's reqnirements in future.

Rome, for its part, has pledged to step up technological co-operation (including the defence and nuclear fields) "while respecting its international obligations and to the extent of the country's possibiliies."

This rider is a thinly concealed plea to Baghdad not to lean too heavily for deliveries of sensitive nuclear know-how and equipment and not to direct the weapons it buys too explicitly against Israel. Fears on both these scores are still casting a shadow over last Jannary's approval by the Carter Administration for U.S. General Electrie to supply Fiat with equipment for the prodnction of the engines which will fit the ships.

The oil supply guarantee is being seen here as a particularly useful insurance for Italy should Libya, another of the eountry's major suppliers, take reprisals over this week's agreement whereby Rome will underwrite Malta's neutrality, thus helping the island break free of Tripoli's grasp.

So far there have been no andible rumblings from Colonel Gaddafi, but the economic interests of Italy in Libya are sufficient for there to be a lingering concern here.

It has also emerged that Australia has reached agreement in principle to buy one 13,000 tonne Garibaldi-class helicopter carrier, of the type manufactured by the state-owned Italcantieri shipbuilding concern.

But Canberra has let it be known that it will revoke the deal—along with others placed with EEC countries—if Brussels does not drop certain "obstructive trade practices" against Australia. Given the current lack of work in ftalian yards, that is not a threat tn be taken lightly.

UK company wins £2.5m Korea contract

By Our World Trade Staff

SIMON-CARVES, of Stockport, a subsidiary of Simon Engineering, has won a £2.5m contract to supply two twin-belt ship unloadars to the Taihan Bulk Terminal Company of South Korea. Each belt will be designed to unload ocean-going vessels of up to 60,000 dwt, and the equipment will be installed at a new grain terminal owned by Taihan Bulk Terminals at the port of Inchon.

● GEC Machines has been awarded a £2.4m contract by the Andhra Pradesh State Electricity Board of India for the supply of two umbrella-type vertical water turbine generators for a power station at Nagarjuna Sagar.

● Hawker Siddeley Power Engineering's transmission division has received a £2.2m order from the Cyprus electricity anthority to design, make and supply materials for a 132 kv double circuit transmission line on the outskirts of Nicosia.

● ME Mechanical Handling bave won an order worth £400,000 from the Grain Board of Iraq for 60 mobile belt conveyors, which will be used for bandling 100 kilogram sacks of grain.

● A UK subsidiary of Foster Wheeler of the U.S. will build a pulp and paper mill complex for the Nigerian Newsprint Manufacturing Company at Calbar. The project is to be completed by late 1981 and will have two 4.2 meter fourdrinier newsprint machines, each with a capacity of 150 tonnes daily. No financial details were announced.

EXPORTERS AT WORK

Books from Battersea to the world

BY PAUL CHEESERIGHT

BRAITHWAITE AND TAYLOR cause only the barest ripple on UK export statistics. But the company, working out of a Battersea warebouse has so far only stuck a toe into a market whicb is as wide as the spread of the English language.

It is selling English-language books, produced in tbe UK, direct to readers abroad.

"We're not entering an existing market. This is an untapped market consisting of people who would buy books if they got crisp information about them and could get them easily," says Mr. Peter Braithwaite, one of the owners of tbe venture which started in late 1977.

So far Braithwaite and Taylor have 20,000 subscribers to their service and two-thirds of the business is outside the UK, with Europe emergng as the main market, followed by the Middle East, North America and the Far East and Australasia.

Tbe business is based on the Good Book Gnide, which comes out three times s year, a special annual list aod a children's books supplement. Customers have to buy the guide, not the books listed in it. The guide lists the company's selections and backs them up with reviews and literary analysis.

The company has eschewed the hard book club sell and claims it does not have book club problems with subscribers dropping out. To date its main advertising has been by word of mouth. Mr. Braithwaite relates the tale of the Falkland Islands customer who arranged to have a guide aent to Base "Z" in Antarctica.

Turnover has been rising steadily and this year Braithwaite and Taylor will pass the £500,000 breakeven point and makes sales approaching £750,000. It sees no reason wby sales should not continua to increase, but the company is wedded to careful growth. "We don't want a situatioo where we're inundated with orders we can't meet quickly," comments Mr. Braithwaite.

Already the company bandles more than 2,500 titles and bolds stocks of between 30 and several hundred copies of each. But half the books are paperbacks. Indeed Braithwaite and Taylor will switch to paperbacks from hardbacks as soon as they become available.

Where the company scores in in the overseas markets is in the availability and price of the books, even though it charges the full UK retail price, plus 10 per cent for packaging postage and insurance.

Even in Europe, finding English books can be a problem. "There is the merest handful of bookshops with Englisb books," notes Mr. Braithwaite. "Their prices anyway are 50 per cent to 100 per cent above the UK price."

In any case, there are areas wbere Englisb books are needed but simply not available. That explains why Braithwaite and Taylor every month select 24 paperbacks and send them off to a construction site in Angola and why, earlier in September, a lady rang up from Venezuela and ordered 20 children's books.

Because the Braithwaite and Taylor families had themselves spent time abroad and had not been easily able to obtain books, they had an early notion that there is a market for direct mail selling.

By March 1977 a decision in principle had been taken to go into the book distribution business.

By the end of the year, with an original capital of £50,000 and four partners, the company bad started trading. Ita fixed capital needs are limited but it finances stocks by bank horrowing — it often has £200,000 worth of stock on hand. So, like many other companies it would welcome a fall in interest rates.

Snags plague L. America-Comecon trade

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

LATIN AMERICANS are showing themselves to be better salesmen than their counterparts in the Comecon bloc in spite of the fact that overall trade between the two groupings of nations is small and plagued with troubles.

The trade suags and the need to sort them out drew the attention of the UN Economic Commission for Latin America (ECLA) at a recent conference in Mexico City involving trade experts from Latin America and the Comecon nations. The Commission's findings, despite the fact that they were coucbed in careful UN prose, pinpointed a fair degree of unhappiness on both sides of the table.

The Comecon countries alleged in Mexico that many manufactured items from Latin America were below standard in price, quality, technical and health requirements.

Latin America was sharpiy critical of the bureaucratic and financial barriers to trade with Comecon. The Comecon countries, for instance, set mucb store by bilateral government agreement. These, bowever, look better on paper than they turn out to be in practice, according to ECLA.

Apart from the fact that the credits offered by the Comecon countries were generally uncompetitive with those offered hy the industrialised countries, ECLA listed 13 major points over which the ambitious bilateral deals came to grief.

These inclnded the weakness of Comecon commercial representation in Latin America and the consequent Latin American ignorance of Comecon prodncts; the unrealistic nature of projects agreed to hy governments; Latin American's poor view of Comecon technology and Comecon's preference for direct contracting to international tender, the later being illegal in many Latin American countries.

In spite of these problems, optimists point to the fact that trade has risen greatly over the past two decades. In 1960, for instance, Latin America's exports to Comecon were a mere $144m while in 1978 they amounted to $1.7bn. Comecon's exports in the same two years were $157m and $532m.

The pessimists point out that the percentage sbare of the trade of each bloc represented by these figures was almost negligihle. Io 1978 the trade represented less than one perceotage point of Latin America's imports and 3.4 per cent of Latin America's exports. The Latin Americans are able to consola themselves with the fact that over the 18-year period they had managed to push up their sales without taking many Comecon goods io return.

Over the 18-year period, too, and leaving aside the trade of Cuha which is the only Latin American memher of Comecon, Latin America's surplus with the Communist countries has gone up from a deficit of $34m to a surplus of $1.2bn.

Philippines considers Australian coal order

SYDNEY — The Philippines wants to buy 1m tonnes of Australian coal by 1982 and 2m tonnes by 1984, Mr. Geronimo Velasco, tha Minister for Energy, said yesterday.

After ontlining his country's five-year energy plan at the 1980 Congress of the Australian Institute of Petroleum, Mr. Velasco noted that the Philippines' coal needs will rise to 3m tonnes by 1990.

The Philippines is seeking long term contracts for coal supplies and Australia is first choice hecause of its proximity.

But, Mr. Velasco added, the recent 10-week Queensland coal strike bad led to other countries such as Canada, China and possihly the U.S. being considered.

The five-year energy plan places a strong emphasis on the development of geothermal power stations and increased coal use by industry.

There are seven geothermal power plants in the Philippines. Assuming there are no large-scale capacity additions by other geothermal users, the country will be the largest producer in this field by 1985 with generating capacity of more than 1,700 megawatts, Mr. Velasco said.

In Tokyo, the Export-Import Bank of Japan bas signed an agreement with the Bank of Cbina to provide Y21bn (£41.6m) in loans for four coal development projects in north east China. The loans are part of an agreement signed last year to promote Japan's investment in Chinesa resource development.

Agencies

UK NEWS

Subtle motives in Leonardo auction

By Antony Thorncroft

A GIANT game of bluff could be under-way with the sale of the Codex Leicester, by Leonardo da Vinci, at Christie's on December 12.

The manuscript, 36 pages in Leonardo's own mirror writing and copiously illustrated with sketches, was acquired by Thomas Coke, Earl of Leicester, in 1717.

It is to be sold by his descendants, through the Trustees of the Holkham Estate, in order to meet large tax liabilities following the death of the 5th Earl in 1976.

The Trustees already have negotiated the sale to the Treasury of seven illuminated manuscripts from the Holkham Hall library to the value of almost £1m, and they offered the Codex as well. But so agreement could be arrived at on its value.

No comparable work by Leonardo has appeared on the market for generations and Christie's feels unable to estimate its worth. By putting it up for auction, with bidders from every major museum in the world interested, Christie's and the Trustees could be forcing the Government to come up with a serious offer to keep the manuscript in the country.

Dr. Carlo Pedretti, the leading authority on Leonardo, who has contributed a forward to the catalogue for the sale, said yesterday that the manuscript should remain in the UK, perhaps alongside the Leonardo drawings in the Queen's collection or in the British Museum, which has a similar, longer, codex, by the Italian Renaissance artist and philosopher.

Because of the rarity of the work, which consists of Leonardo's notes on water and cosmology, an auction estimate of £5m could well be conservative.

In May, an important painting by Turner sold at Sotheby's in New York for almost £2.7m, a record for any work of art at auction. The Leonardo is much more significant historically, although without the popular appeal of the Turner.

Ban

This is the problem for the Government. The Arts Minister Mr. Norman St. John Stevas, already has committed himself to fight to keep the manuscript in the country. He can put a *temporary ban on its export*, to give national institutions the opportunity to match any successful auction price. But the manuscript has no great aesthetic or visual attraction, and this is a major reason why the Trustees decided to dispose of it.

However, it is just the kind of work which the National Heritage Fund, with a basic capital this year of £12.4m, was designed to acquire. If no worthwhile offer from the Treasury comes before the date of the auction, no doubt the Leonardo manuscript will become the subject of a public appeal, with the Fund making a significant contribution.

If the manuscript is bought, with Treasury approval, by private treaty there could be considerable tax advantages for the Holkham Trustees. But at the moment, on advice from Christie's, they obviously believe a large sum can be realised *through* a public auction, although 75 per cent of the price will disappear in tax.

Their aim is to raise as substantial a sum as possible to meet death duties and to keep Holkham *Hall*, the finest Palladian house in England, in good repair. But if a higher figure than any suggested so far came through private negotiations they would no doubt be delighted to contribute to keeping Leonardo's notes in the UK.

Financial backing available for company managers

Richard Lambert investigates the aspirations of the newly-formed Candover Investments

GROUP of UK investment institutions has formed a company to provide financial backing for managers in British industry who want to buy a stake in the businesses they run.

Candover Investments will put together sums of roughly £5m and more, to enable managers to take equity in their own companies.

Its chief executive is Mr. Roger Brooke, who is also a substantial minority shareholder in the new company. Mr. Brooke was group managing director of EMI but left earlier this year after the group was taken over by Thorn.

Before that, he was a director of S. *Pearson* and Son, and a deputy managing director of the Industrial Reorganisation Corporation.

Candover's institutional shareholders are led by Electra Investment Trust and Globe Investment Trust. The others are: BP Pension Fund, British Rail Pension Fund, Finance Corporation for Industry, the Prudential Assurance Company, and four investment trusts in the Murray Johnstone stable: Murray Caledonian, Murray Clydesdale, Murray Western, and Murray Northern.

These institutions have put a total of £2m of low coupon loan capital into Candover. They have also subscribed to its equity base of £100,000.

Most of the finance for Candover's projects will normally come directly from these shareholders. Candover will also invest part of its own capital in each scheme it arranges, and will normally take a fee.

Where necessary, Candover will approach other independent financial institutions for backing in particular cases.

The company hopes to be active in three main categories of business. One is where a large holding company is seeking to sell off one of its divisions. Another is where shareholders in private companies want to sell all or part of their holdings.

Finally, Candover will arrange the finance to buy, for cash, quoted companies whose market value for some reason stands consistently below their intrinsic worth.

In all cases, key managers will be offered the chance to buy a significant share of the equity at a price within their means. Their investment as a group could range from around £50,000 to £200,000 or more.

Additional finance may also be provided to support working *capital*.

Mr. Brooke said yestarday that only certain kinds of company would be suitable for such highly geared financial packages. They would need to have a reasonable profit record, as well as a good cash flow, in order to cover interest on the loan element of the finance. Funds would not be made available to finance the launch of new businesses, or to pay for big lumps of research and development work.

Candover would be ready to finance deals worth considerably more than *£5m*, Mr. Brooke said. The likely demand for its services was uncertain, but he thought it possible there might be four or five such deals a year.

Each project will be financed largely with loan capital, split into different classes according to security, yield and maturity. There may also be an element of preferred stock.

Depending on the size of the deal, equity will usually account for rather more than 10 per cent of the total package. The managers of the business concerned will have a minority stake in that equity.

As well as *evaluating* and negotiating each deal, which will normally be done in conjunction with a merchant bank, Candover will exercise a monitoring role after the business has been taken over. *Its* shareholders will expect non-executive board representation on the underlying investments.

Although it plans to be a long-term investor, the ultimate objective of Candover and its shareholders will be to realise their capital at a profit. That could happen if the company concerned went public, or was taken over. Mr. Brooke said the normal life of an investment might be five-to-ten years.

If all goes well, Candover could itself eventually become a publicly quoted authorised investment trust. For this reason it is limiting its own investment in *any single project* to a maximum of 15 per cent of its capital.

As a separate objective, Candover will also be looking for large equity investments in quoted and unquoted companies in the UK and overseas—especially in the U.S. It will arrange finance to acquire blocks of shares on a scale larger than its individual shareholders might be willing to take on their own account. It will also take on a monitoring role in such cases.

Mr. Brooke has lined up an interesting group of fellow directors for this new enterprise. Candover's chairman is Mr. Angus Murray, who is also *chairman* of Redmand Heenan and Fairey. The other directors are Mr. Howard Hicks, chairman of the I.D.C. Group; Mr. Michael Stoddart, deputy chairman of Electra Investment Trust; and Mr. Lawrence Tindale, deputy chairman of Finance for Industry.

The company is named after a valley near Winchester, where Mr. Brooke lives. "The house I bought there is probably my best investment," he said yesterday. "I hope it is a good omen."

Nationalised industries to seek more freedom

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

AN ATTEMPT to win for nationalised industries more freedom from Whitehall financial controls, including the public sector borrowing requirement, is to be launched by the industries' chairmen this winter.

This follows the introduction of limited changes agreed during the summer by a working party set up by the Government and the chairmen. The working party was headed by Mr. Bill Rowrie, a Second Permanent Secretary in the Treasury.

"We are not trying to escape from Government control. But we do want to get out of the PSBR so as to separate our capital requirements from the revenue *spending of public services* like the National Health Service." Sir Francis Tombs, chairman of the Electricity Council said yesterday.

Sir Francis, who is a former chairman of the Nationalised Industries' Chairmen's Group, was explaining the group's policies. He emphasised the industries' growing concern and fears about Government interference in their financial affairs at a time when Ministers are launching fresh attempts to curb public expenditure.

The Government should show "realism" in handling nationalised industries and should *not adjust* their external financing limits, as happened last year, simply to bring the PSBR under control.

Sir Francis also said that the Government ought to provide more subsidies for the public and private sectors of industry to ensure that businesses were treated "with equality vis-a-vis their competitors overseas." The coal industry in particular needed more help.

The working party headed by Mr. Rowrie will continue its work this winter. Sir Francis said that an early target would be to gain access for nationalised industries to private sector money markets outside their financing limits. He hoped the Government would allow this concession soon, even though it would have only a limited impact.

It would take two years or more to agree a new overall financial framework, but more freedom on the financing limits was needed earlier.

The chairman also wanted the Government to accept the need for the industries to develop proper business planning methods, based on consistent policies.

In his capacity as chairman of the Electricity Council Sir Francis rejected suggestions that industry was suffering unduly from high energy prices. He said he had challenged representatives of the chemicals and paper industries, and of the public and private sectors of the steel industry, to produce statistics proving that UK electricity prices were high by comparison with those elsewhere in Europe. These challenges were made between three and five weeks ago, but the statistics had not yet been produced.

Marine insurers blame owners

BY DENZIL STUART IN SEATTLE

MARINE INSURERS fear that ship losses this year will exceed the record total of 2.3m tonnes gross in 1979.

At the International Union of Marine Insurance annual conference in Seattle, Mr. Tony Nunn, from London, said yesterday that up to the end of August the total tonnage lost this year was 1.238m tonnes, against 1.240m tonnes in the comparable period of 1979, although the actual number of ships *lost was down slightly*.

Underwriters paid out $750m for total losses only in 1979. Twelve tanker losses alone accounted for $173m.

Mr. Ted Rainbow, another London underwriter, said that human error was the chief cause of tanker explosions, which reflected on ship management. Underwriters must somehow induce shipowners to maintain their obligations.

Mr. Norman Evennett, from Lloyd's said that international hull accounts were showing disastrous results. Reductions in premiums continued and inadequate rises were charged for adverse results. "We are still accelerating along a downward path.

Cargo frauds are still a big problem, it was made clear at the conference. Delegates heard that the International Chamber of Commerce plans to set up a task force to help banks, merchants, shipowners and others avoid or prevent such losses.

Although a final decision will not be taken until November, the new agency could be operating by January. *Its* services would be available on a fee basis.

'Success story' warning for CBI

BY LISA WOOD

THE GOVERNMENT'S economic policies were given a vote of confidence yesterday by a company which has seen turnover increase by 17 per cent in a year.

LancerBoss, the *Leighton* Buzzard-based lift truck company, increased turnover to £38m in the year ended March, 1980, with more than 50 per cent of the trucks being exported.

Announcing profits before tax of £4.46m for the year ending March 31 (down from £4.6m in 1979) chairman Mr. G. Neville Bowman-Shaw, heartily endorsed the policies of the Conservative Government.

He said that companies, instead of complaining about high interest rates, should knock their management teams into shape.

He suggested that *his* company could withdraw from employers' organisations, such as the Confederation of British Industry, if it pressed for changes in Government policies instead of urging members to put their own houses in order.

He said that in the early 1970s, LancerBoss faced the problems many companies are facing today. "We halved our payroll, redefined our policies, limited our product range and decided to make money, not *just* lift trucks."

Economic indicators point to end of recession

By David Marsh

FURTHER evidence that the worst of the recession may be over in a few months has been provided by the Government's latest batch of forward-looking economic indicators.

The Central Statistical *Office's* index of longer-leading indicators, which has proved fairly reliable at predicting turning points in the economy rose again in August for the fifth successive month.

The index appears to have reached a trough in November, 1919. On the basis of the indicator's previous track record, this would indicate that the low point of the recession may be reached in late 1980 or early 1981, the Statistical Office says.

The main factors behind last month's increase in the *longer-leading* index were a rise in share prices and a further drop in short-term interest rates.

The shorter-leading index, which looks ahead to turning points in around six month's, fell again in July mainly because of a drop in car registrations.

Government statisticians will be looking whether this index turns up soon in line with the pattern suggested by the longer-leading indicators.

The office's index of coincident indicators, which is broadly in line with the business cycle, fell again in July, with retails sales providing a particular depressant.

Jobber expands

S. JENKINS and Son, the smallest jobbing firm on the Stock Exchange, is adding another 18 stocks to its books from the end of the month, all in the hotel sector. Now, the firm will trade in the Savoy, Reo Stakis and the Old Swan Hotel (Harrogate) among others.

Mail charter

CHARTER operator Air Europe has been granted a licence to carry Royal Mail between London and Gibraltar. The airline is the first charter company to receive a mail licence.

Prescription survey

A SURVEY of more than 12,000 medical prescriptions showed that nearly a third were either completely lacking in doctors' instructions about the size and frequency of dosage or did not contain enough information, Mr. Leslie Robertson, a Luton *pharmacist*, told the *British* Pharmaceutical Conference in Newcastle.

Short-time ends

WORKERS at the Blythe Bridge, Stoke-on-Trent, electrical manufacturers Creda, are set to return to a five-day week from Monday. The company said that an increase in orders had brought about the upturn in production demand. More than three-quarters of the workforce had been on short-time.

Money Care success

CAPEL-CURE Myers, London stockbrokers, says it has received £11m a new money to manage as a result of its Money Care campaign. Money Care, a six figure marketing programme aimed at attracting private clients was launched a year ago.

Consett works 'could break even in year'

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE BUSINESSMEN who wish to take over the Consett steelworks claimed yesterday that enough customers could be found to enable the plant to break even in the first year of operation.

Their representatives will be meeting the British Steel Corporation today for the first *time*, when they hope that negotiations on the terms of an acceptable offer will begin.

The identity of members of the consortium formed by the businessmen has still not been revealed, but Mr. Christopher Logan, a representative, said yesterday that it consists of 11 businesses which will form themselves as soon as possible into a company provisionally titled Northern Industrial Group (Holdings).

Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation gave full support yesterday to the consortium's efforts. Reference was also made yesterday to a letter from Sir Keith Joseph, the Industry Secretary, to Mr. Geoffrey Rippon, MP, in which Sir Keith said he and the Prime Minister would support a private bid for Consett, so long as public money was not involved.

The ISTC says productivity at Consett, which closed last week, could exceed that of many German plants on the basis of proposals which would be put to the Consett workforce if the bid goes through. This would involve 800 redundancies, *leaving jobs for 2,700*, and would enable the new owners to sell steel billets at prices which would compete with imports.

Mr. Logan said the consortium would not seek to take orders from BSC, but would concentrate on the part of the market filled by imports. It would also export steel, and has already gained *provisional customers* in Holland through steelstock-holding interests, and possibly in West Germany.

The group also suggested that the plate mill at Consett should be reopened and that more business should be put through the port of Tyne. It also promises to buy only British coal, and to take special steps to involve the trade union membership in the running of the plant.

Air UK, steel and paper industries cut 780 jobs

BY JAMES McDONALD

MORE redundancies in the steel and paper industries and a big cut to the operations of Air UK—together totalling 780 lost jobs—were announced yesterday.

The British Steel Corporation announced 520 more redundancies — 440 at the Stanton works, Ilkeston, Derbyshire, and 80 at the Holwell foundry, near Melton Mowbray, Leicestershire. Both plants make iron and concrete pipes. Management said they had suffered from the Government's orders to the water authorities — their main British customers — to cut expenditure.

The corporation said cuts were essential for the survival of the division, which employs nearly 5,000 people. Production and back-up workers and administrative staff are involved. Talks with the unions will start immediately.

Air UK, which operates from Norwich Airport, is to reduce flights and cut 220 jobs at Blackpool, its engineering base, because of the "economic climate." The base will be switched to Norwich, but this will not mean extra jobs.

The cutbacks will end *Air UK* flights from Blackpool to Belfast and Dublin and reduce services to the Isle of Man.

Another 40 workers with the Bowater packaging plant on Merseyside, are to lose their jobs—four weeks after 1,600 people at the paper mill were told they were to become redundant.

The management at the plant, which makes cartons and brown paper, blame rising costs and falling sales. Mr. Len Griffin, Bowater's general manager, says in a letter to workers that sales have been badly hit by the recession. "The current outlook for the future leaves us with no alternative but to seek substantial reductions in labour costs."

A union *action committee* campaigning to save the paper mill from closure is to take up the packaging workers' case also. Mr. John Almond, a union spokesman, said: "We knew the packaging division of the company was in trouble. Many workers have been on short time for some weeks, but we will be presenting a case to the Government for them as well as those at the paper mill faced with the dole."

Paper mill explosion

BY MAURICE SAMUELSON

THE BOWATER Corporation's Kemsley mill in Kent was put out of action yesterday by an explosion in a power house.

Two employees were injured, one of them critically.

The full extent of the damage, caused by an exploding transformer, will be assessed today. Last night, Bowater said the plant could be out of operation "for a few weeks."

The blast, at about 7 am, also cut supplies to Bowater's adjoining Sittingbourne mill, but the company hoped to resume production there today by connecting it to the national grid.

The Kemsley mill makes a broad range of papers and packaging and employs 1,600.

With the closure of Bowater's newsprint plant at Ellesmere Port later in the year it will be the company's only UK plant making newsprint.

However, Bowater has ruled out any suggestion that the closure of the Ellesmere Port factory would be delayed because of the explosion. Kemsley also ruled out any suggestion that the plant has been sabotaged.

The Financial Times is printed on paper made at Kemsley. But Bowater said that it had sufficient stocks to cover any foreseeable interruption —

Government honours Welsh TV pledge

By Robin Reeves, Welsh Correspondent

THE GOVERNMENT yesterday agreed to revert to its original manifesto promise to provide a unified Welsh language service on the new fourth channel, due to come on the air in autumn, 1982.

Mr. Gwynfor Evans, Plaid Cymru's president, said he would decide today whether to call off his threatened hunger strike over the issue from October 6.

The Government has still not given way on several important points to ensure the new channel was a success, he said, though the announced concession was the biggest victory ever won for the Welsh language.

The decision came in a letter from Mr. William Whitelaw, the Home Secretary, to representations made last week by Lord Cledwyn, former chairman of the Parliamentary Labour Party, the Archbishop of Wales, and Sir Goronwy Daniel, former Welsh Office Permanent Secretary.

Mr. Whitelaw said he and Mr. Nicholas Edwards, the Welsh Secretary of State, had considered their representations carefully and come to the conclusion the single channel proposition should be adopted, at least on an experimental basis.

This means that BBC Welsh programmes will be carried on the second ITV channel in Wales, along with those of the commercial contractor and independent producers when it comes on the air in 1982.

There will be provision to revert to a two-channel service after two to three years if the experiment does not work.

"Amendments to the Broadcasting Bill will be tabled as soon as I have been able to work out the details which will need to ensure that a proper service — and not just a number of programmes — is provided, and that the financial arrangements are on a sound basis, Mr. Whitelaw said.

In Cardiff, Mr. Edwards said the new Welsh service will be controlled by a Welsh Broadcasting Authority which would have a contractual arrangement with the Independent Broadcasting Authority (IBA) responsible for the channel in the rest of the UK. The Welsh service will be paid for out of the resources being made available to the IBA for the new channel, though the BBC's Welsh programme contribution will be funded from licence fees in the normal way.

Justifying the Government's about-turn, Mr. Edwards repeated his Labour predecessor's comment on the Welsh devolution result: "When you see an elephant in your garden, you recognise it."

Assurance scheme

THE UK metal fastening industry yesterday launched a quality assurance scheme for customers which it hopes will help to boost demand for British products. The scheme is designed to ensure that products meet original design specifications and to increase harmonisation of components.

Tourism should bring in £4bn this year

BY ARTHUR SANDLES

BRITAIN should earn around £4bn from foreign tourists this year. In spite of the rising fortunes of sterling, and in the face of inflation, the UK remains a popular destination for visitors. About 12.5m foreigners came to Britain last year.

Sir Henry Marking, chairman of the British Tourist Authority, said in his annual report for 1979, that last year had been a difficult one. "The durability of Britain's attraction as a tourist destination, revealed in a time of adversity, gives heart for the future," he said.

However, Sir Henry was worried that early figures for this year suggested that although there were more visitors coming to the UK they were spending less money per head in real terms than tourists of previous years. This was not good for Britain, nor was it particularly good for London, whose hotels were seeing *occupancy* levels falling.

"The golden days of British tourism are gone. There is no easy money to be made any more. There is no room for greed. We have to work harder for every single visitor we attract and for every single penny we earn."

Sir Henry said Britain was no longer the bargain basement of Europe. "Britain is a quality country and should be sold as such."

Tourism, he *said*, supported around 1.5m jobs directly or indirectly, and there was no room for complacency.

"It is a fallacy to believe the world is waiting, queueing, to beat a path to Britain's door. Competition from rival countries is becoming hotter.

"What could be tolerated when we were cheap will not be tolerated now. Britain is in competition with international standards. Higher prices lead to higher expectations, and we must continue to offer value for money."

Business brisk on Caledonian U.S. routes

BRITISH CALEDONIAN Airways predicts its transatlantic passenger traffic will virtually double next year. During the airline's financial year ending October 31, 1981, a total of 255,000 passengers are expected to be carried.

This will compare with the 141,000 passengers expected this financial year. The total carried in the first 10 months up to August 31, is 116,985 passengers an increase of 54 per cent over the previous financial year.

This winter British Caledonian will offer five non-stop flights each way a week to Houston, four non-stop each way to Atlanta and four non-stop flights to St. Louis and on to Dallas-Fort Worth, all flown with the wide-bodied DC 10 jets.

Cargo carried on the routes to the southern U.S. by the airline in the first ten months to the end of August totalled 8,190 tonnes, an increase of 90 per cent.

These figures were announced in Atlanta, Georgia, yesterday by Mr. Alastair Pugh, managing director of British Caledonian, at the opening of the city's new international airport terminal building.

Mr. Pugh said that in terms of route network British Caledonian was no wthe biggest airline operating between Europe and the southern U.S.

Lynton McLain writes: British Caledonian Airways yesterday launched two ventures to expand its involvement in the depressed air cargo market.

The airline is to raise its cargo-carrying capacity on the North Atlantic routes by a third even though only about 75 per cent of the total world airline cargo capacity on the routes is being used.

At the same time British Caledonian Airways has signed an agreement with Eastern Airlines of the U.S. for BCal to market Eastern's U.S. domestic cargo services in Britain.

The expansion plans involve the removal of 228 seats from four of BCal's DC-10 airliners. In place of the seats, the airline plans to install a "main deck baggage" system. This is designed as a special compartment for the baggage of passengers at the rear of the aircraft.

The change will enable the entire underfloor hold area to be reserved for revenue-earning cargo.

The existing 15 tonne cargo capacity of BCal's DC-10s is expected to be increased to between 20 tonnes and 25 tonnes as a result of the change.

The first redesigned aircraft is expected to enter service on the airline's new London to St. Louis-Dallas route on October 26.

Private bus group cuts fares on major routes

BY LYNTON McLAIN

A GROUP of six private bus operators plan to more than halve the single far between London and Birmingham.

The consortium will charge £2 one way in the first challenge to the State-owned National Bus Company under Government de-regulation bus lawa.

The current single far offered by National Express, part of the National Bus Company is £5.40. The new rate would be less than a quarter of British Rail's Euston to Birmingham single of £8.75, and BR is expected to announce a rise to over £10 tomorrow.

The priavte operator, known as British Coachways, also plans to offer a £7.50 single express coach fare between London and Edinburgh and London and Glasgow. The Scottish Bus Group fare is £11.50 single.

The new consortinm is led by the Grey-Green coach operator, based in London. Grey-Green will be responsible for marketing the joint services of British Coachways on behalf of the other partners, Parks of Hamilton, Glasgow, Wallace Arnold of Leeds, Shearings of Altrincham, Morris Brothers of Swansea and Ellerman-Beeline, based in the north-east.

British Coachways timed its announcement yesterday deliberately—just one day ahead of a Press conference organised by National Express to launch a "major extenaion of stand-by and economy fares."

The consortium's £2 single fare from London to Birmingham is likely to provoke more fare cutting by National Express, which already offers a £3 stand-by fare on the route.

The new hattle of the bus routes has been made possible by the extensive de-regulation of bus laws which date back 50 years. These laws were the Traffic Commissiooers' regulations, originally designed to limit the number of bus operators at a time when new bus companies proliferated.

Revision of these measures will make it easier for new operators to start on services of at least 30 miles in leogth. The changea were incorporated into the 1980 Transport Act, which reached the statute book this summer. The measures affecting bus licensing come into effect on October 6.

The Governmeot's revision of the Traffic Commissioners' licensing regulations applies only to scheduled express coach services and excursion and tour operations, bowever.

Local bus services in towns, cities and in smaller communities where the distances involved are less than 30 miles will remain subject to licensing.

Union urges full energy control

BY RAY DAFTER, ENERGY EDITOR

A NATIONAL Energy Corporation should be established to take over "complete control" ow the UK's energy resources and determine pricing and depletion policies.

This is the main recommendation of a report published yesterday by the National and Local Government Officers Association.

Nalgo, which has more than 100,000 members in the gas and electricity services, urges other unions to press for the establishment of such a corporation. It points out that the concept has already drawn support from the Labour Party, the National Union of Mineworkers and the Electrical, Electronic, Telecommunications and Plumbing page report NALGO states: "It is essential that energy supply is not the subject of purely commercial competition and considerations.

"While the taxpayer would not necessarily accept the operation of nationalised industries on a purely altruistic basis, the fact remains that energy producing industries are supplying a fundamental requirement of the population and are thus to an extent a social service"

Nalgo argues that the need for such a body has increased as a result of the present Government's decision to disband the advisory Energy Commission. "There is now no high level body to consider energy matters and advise and inform the Government accordingly," the union states.

Other points to emerge from Nalgo's energy study include: In the conclusion of its 108-

● Oil—Its future use will have to be restricted to the premium markets, such as chemical manufacturing and transport.

● Gas—The recent history of the gas industry is seen as a "largely unqualified success." The fuel is the best available for domestic heating.

● Coal—Its use should decline in the long run. Nuclear power should take over as the generator of electricity. Eventually, coal should be used to make substitute natural gas and chemical feedstocks.

● Nuclear—There would be less "ill-informed criticism" of the nuclear industry if there were less secrecy surrounding nuclear policy decisions.

"*A Planned Energy Policy*," *NALGO, 1 Mobledon Place, London WC1H 9AJ.*

Britain bids for Norway's gas

BY MAURICE SAMUELSON

BRITISH GAS is prepared to pay its highest prices ever to extract natural gas from Norway's section of the Statfjord oil field in the North Sea, belonging to Statoil, the State-owned oil company.

Industry sources estimate that the Corporation is already paying between 15p ad 20p a therm for the gas it extracts from the Frigg field, which is owned 60 per cent by the Norwegians and 40 per cent by the British.

This compares with about 3p a therm which it is thought to be paying in the southern basin of the North Sea.

The prices, which the corporation has indicated in a formal offer for Norwegian Statfjord gas, are believed to be higher than those for Frigg.

This is because it wants to overcome Norway's strong preference to land the gas on its own shore, even though that could involve building a special pipeline.

British Gas wants to land the gas at St. Fergus via the pipeline. It has offered to separate the chemical feedstock—ethane, propane and butane—and ship them back to Norway.

● BP drilling on behalf of two offshore oil consortia, has been unsuccessful in its attempt to find an extension of its big heavy oil discovery west of the Shetland Islands.

Row over 'partisan' report on schooling

By Michael Dixon, Education Correspondent

A MAJOR research organisation was yesterday accused of using public funds to broadcast a falsely favourable view of comprehensive schools.

The National Children's Bureau—which reported in July that its research showed academically bright 16-year-olds did as well in comprehensives as in grammar schools—was alleged by the Conservative-linked Centre for Policy Studies, to have taken an "excessively partisan" view of the evidence.

The bureau immediately rejected as "unjustified and emotive" the centre's claim that the bureau issued statements unsupported by its published findings, which led to misleadingly favourable reports in most newspapers.

The Financial Times and the Daily Telegraph, however, were said by the centre to have taken a more balanced view.

"Unlike the Centre for Policy Studies, the National Children's Bureau is a non-political body with no axe to grind on the issue of secondary schooling and its organisation," the bureau said.

"The piece of research was commissioned by a Labour Government and the current Conservative Government provided funds for its publication."

While denying the centre's allegation that the bureau "managed" the news coverage of its report so as to flatter comprehensive schools, the bureau confirmed that it did not publish the "original results" of educational tests taken by pupils in both selective and comprehensive schools.

The centre is demanding that the original data should be published.

The bureau also confirmed that this data would have shown that, on average, children in grammar schools had higher average test scores at the age of 16 than those in comprehensive schools.

But the bureau maintained that the important issue was not simply the attainments of pupils at 16, but the relative progress made since they were previously tested at 11-years of age. "The method by which this was done is clearly described in our report."

The bureau promised a "fuller refutation" in due course, of other allegations by the centre.

properly between the attainments of different academically talented pupils.

Tory activists urge Government to maintain economic policies

BY ELINOR GOODMAN

CONSERVATIVE Party activists at their annual Conference in Brighton next month will try to stiffen the Government's resolve to maintain its current economic policies.

Hard-liners, who always tend to dominate Tory conferences, will press the Government to take tougher action to deal with the trade unions.

Ministers will also be reminded of manifesto commitments such as the promise to review the domestic rating system.

Judging by the motions published yesterday, the general message from the four-day conference will be that, if anything, the Government should be pursuing its monetary policies with even more vigour, and that any arguments in the Cabinet for a softer line should be ignored.

Against this, however, will be an undercurrent of concern about some of the consequences of these policies—most notably unemployment and the difficulties caused by high interest rates.

Since July, when the motions were submitted by local parties, unemployment has become a much more important issue among the Conservative rank and file.

This was confirmed by a recent confidential survey of its members carried out by the women's side of the Party.

But at the time the motions were submitted, local rates were the biggest issue. More than 100 motions—the largest single number on any subject—were submitted for the debate on the environment and local government.

More than 80 of these urge at least a review—and in many cases the total abolition—of the present rating system. Also, about 30 motions criticise water rates.

But the subject of industrial relations seems likely to provoke the most passionate debate as it did at last year's conference. More than 50 motions were sent in, calling for tougher legislation against the unions. Calls for the closed shop to be outlawed seem likely to be repeated.

The motions indicate the dissatisfaction among Tory activists with the Government's Employment Act. Once again, Mr. James Prior, the Employment Secretary, will have to defend his gradualist approach.

THE PRIME MINISTER has asked Lord Thornycroft, aged 71, to stay on as Conservative Party chairman for at least another year.

The Government is committed to publishing a review of trade union immunities after the conference in November, and the hard-liners will be trying to extract from Ministers a firm promise of further legislation. As usual at Tory conferences, however, the motion chosen for debate leaves the Government ample scope for manoeuvre.

Unlike Labour conferences, Conservative Party conferences do not pretend to be policy-making bodies. Their function is merely to comment on the Parliamentary party's policies, and remind the leadership of its existing commitments.

Traditionally, their comments are fairly polite, and the motions chosen for debate are drafted to make it impossible for any party member to object to them.

This year, the motions to be debated are less congratulatory than at last year's post-election victory celebrations. But, with one exception, they do not criticise the Government. Instead, 15 of the 18 resolutions urge the Government to take tougher action along the lines already agreed by the party.

The exception is once again the Government's failure to communicate its message. This subject has long been regarded as a legitimate cause for regular and public complaint, activists tend to blame all the Government's problems on tis inability to get its message across.

Yesterday, Sir Charles Johnston, chairman of the National Union Executive Committee, which, as the ruling body of the voluntary organisation has to run the conference, said it would be "a workmanlike and constructive conference." The party was not he said, in a complacent mood, and the conference would not be "sycophantic." There was no way the conference would let Ministers "o ffthe hook" where necessary.

The 1,125 motions published in the conference agenda show both the degree of stoicism among Tory activists and the simmerings of discontent in the party on some issues.

The motions on immigration, for example, show the dissatisfaction in the party with what the Government has done, though, ironically, the motion to be debated congratulates the Home Secretary on the changes made so far.

The dissatisfaction also surfaces repeatedly in the motions on industrial relations. The East Grinstead party condemns the Government's failure to pursue its economic policies with sufficient vigour. It talks about the "grave disappointment in Her Majesty's Government in its apparent inability to reduce the Public Sector Borrowing Requiment."

'Wage for age' scheme urged

BY IVOR OWEN

PEOPLE WHO continue in full-time education or join training schemes after 16, should be given extra financial support by the state, Mr. Neil Kinnock, Labour's education spokesman, urged last night.

He called on the Government to authorise the early introduction of an educational maintenance allowance, despite a "very large cost" of between £300m or £400m a year.

Mr. Kinnock said a proper youth programme is urgently necessary in view of the projection that 400,000 people under the age of 19 are likely to be unemployed by 1981.

An educational maintenance allowance financed by the Government, he said, would not only support pupils who remained in full-time education after the age of 16, but provide a "wage for age" for young people in education and training schemes.

● Cuts in State aid provided for local authorities, expected to be announced today, will force some councils to introduce emergency rates increases this autumn, Mr. Roy Hattersley, Labour's environment spokesman, forecast last night.

He told a Labour Party meeting in Doncaster that many ratepayers can expect to receive additional rate demands for the current financial year in November.

Mr. Hattersley called for a campaign to pin responsibility for escalating rates and deteriorating services on the Government, so that local councillors were not wrongly blamed.

He warned that Mr. Michael Heseltine, the Environment Secretary, will be seeking to anticipate the powers in the Local Goverment Planning and Land Bill—approved by the Commons but still under sonsideration by the Lords—designed to enable him to penalise spendthrift councils.

Call to lift ban on dual pricing

THE Monopolies Commission report on the supply and franchise of credit cards makes two major criticisms of the way the services have been operated.

It says that in future, credit card companies should allow traders to charge different prices for cash and card customers. At present the companies enforce a single price structure on traders which use their cards.

The report also criticises the way credit card companies have exchanged information about rates of interest paid by cardholders and other matters of policy.

The commission says profits made by credit card operators have been high. It warns that profits could become excessive and this could help to erode competition. The report recommends that the Office of Fair Trading should keep the supply of credit card services under review.

The report deals mainly with Barclaycard and Access, the two main credit card businesses owned by clearing banks, as well as the charge, or "T and E" cards, of American Express and Diners Club.

The report says that under section 7(1)(a) of the Fair Trading Act two monopoly situations exist. One of these situations is in favour of Barclays Bank, the other in favour of the Joint Credit Card Company, Midland Bank, National Westminster Bank, Lloyds Bank, Williams and Glyn's Bank and the Royal Bank of Scotland.

It says: "We consider that although credit card services constitute a small part of consumer sales and consumer credit business they already account for a substantial proportion of the business of some traders and their importance to traders in general is likely to grow.

"Suppliers of credit card services face only limited competition from substitutes and are themselves involved in the provision of these substitutes. They face only limited competition from large traders whose custom they are unwilling to forgo. There is no sign at present of new entrants to the market on the scale necessary to increase the competition faced by existing suppliers.

"The level of profitability of National Westminster Bank's Access operation was very high in 1977 and 1978. The levels achieved by Midland Bank's Access operation and Barclaycard were good by comparison with the average for non-financial companies, and comparable with levels achieved in the financial sector and by some leading companies in other sectors. If the pessimistic assumptions used, particularly by Barclaycard, were discounted, the profits of Midland Bank (Access) and Barclaycard would appear to be high. Lloyds Bank's Access operation, and those of the smaller banks, have been slower in becoming profitable.

"Credit card turnover and lending have been growing steadily and the profitability of credit card operations in 1977 and 1978 represented a very large change from the losses incurred in the recent past. The results of the banks' credit card business in 1979 were not made available to us in time to be included in the report, but the indications were that in 1979 the growth in turnover and lending continued but, as a result of delayed reaction to large increases in market rates of interest, profits did not increase proportionately and in some cases fell slightly. However, all the indications are that in different financial conditions this growing business could show very high profits in future.

"We do, however, wish to strike a note of warning. Profits, high though they have been in some cases in recent years, cannot at present be described as excessive, if only because some allowance must be made for past losses. Nevertheless, if National Westminster Bank were to maintain the present level of profitability of its Access operation, or if the other banks were to reach that level, there would be cause for concern at the profits derived from business in which the banks enjoy a monopoly situation."

The report goes on: "We have found a considerable variation in the levels of charges of the bank credit card companies, both between trades and within trades. The range is from 0.5 per cent to 8 per cent, although charges in excess of 5 per cent are rare. The JCCC and Barclaycard told us that, in fixing the charge for an individual trader, they took acount of such factors as the trader's turnover in the credit card business, average transaction value, and the incidence of fraud in the trade.

"We consider that charges to traders are not as closely related to costs as one would tend to find in a highly competitive market. Some of the price differences that exist may be due to the relative zeal with which traders attempt to squeeze concessions from the credit card companies. Some may be due to imperfect information. Nevertheless, there can be no doubt that small traders as a class are at a disadvantage when it comes to negotiating terms with the credit card companies. In other words there remains a strong element of systematic price discrimination, with charges varying between trades independently of costs, and within trades in relation to the bargaining power of traders.

Monopolies Commission report on credit cards

The Commission concludes that it is against the public interest for a credit card company to exclude or restrict a trader's freedom to charge for goods and services, on presentation of a credit card, prices different from those charged in the case of other means of payment.

"This practice has the effect of preventing a trader from competing with other traders by offering different prices to credit card users and other customers, so depriving the customers of an important choice in purchasing goods or services, and in some cases possibly leading to increased prices generally to all a trader's customers, whether or not they are cardholders.

"We recommend that where such exclusion or restriction exists the supplier of reference services should be obliged to abandon the practice, that the terms of any existing contracts between suppliers and traders providing for the practice should be declared unenforceable and that it should be illegal to include such terms in any new contracts.

"We suggest that consideration be given to what means could be used to ensure that traders give customers adequate notice of any difference between what they will be charged against presentation of a credit card and for payment by other means. We also suggest that suppliers of credit card services should take care not to mislead their cardholders into believing that they will necessarily pay prices that are the same as those charged for other means of payment."

The report says: "In the past, the JCCC and Barclaycard have discussed matters of general policy, such as 'floor limits,' the rates of interest paid by cardholders who take extended credit, and whether or not to introduce an annual charge to be paid by all cardholders.

"They have also discussed enforcement of their 'no discrimination' policy in the sale of petrol (which led to certain agreements now registered under the Restrictive Trade Practices Act). They have occasionally exchanged information on rates charged to particular traders suspected by one company to be untruthful in alleging that lower rates were being charged by the other. On one or two occasions they have also discussed rates that might be charged by each to a particular trader.

"We consider that such discussion about policy, or arrangements with particular traders or groups of traders, are intended to maintain or exploit the monopolicy situation in favour of Barclaycard and the JCCC by restricting such competition as exists between them. We cannot exclude from this discussions relating to charges to be paid by cardholders since each company is effectively discussing with the other an alternative to changing the level of charges to its traders.

"Each company has told us that its policy now is not to discuss with its rival matters affecting competition between them, and to restrict its dealings with the other to procedural matters such as common imprinters, technological developments, and the training of traders' staff. We see no objection to such restricted dealings and indeed advantage to traders and also to cardholders.

"Each company has also told us that it will examine with the other the prospect for a clearing system under which traders may present Access vouchers to Barclays Bank and Barclaycard vouchers to any one of the Access banks. From what traders have told us, we believe that such a clearing system would be welcomed, and its introduction should not reduce existing competition between the two suppliers of reference services.

● *Credit Card Franchise Services, The Monopolies and Mergers Commission report on the supply of credit card franchise services in the UK (HMSO £8.05).*

UK NEWS — LABOUR

Union ready to talk on crane strike

By Gareth Griffiths

TO FIND a way of ending the five-day long national crane drivers' strike the Amalgamated Union of Engineering Workers construction section said yesterday it was ready for talks at any time.

Mr. John Baldwin, the section's general secretary, said last night the union did not intend to widen the dispute by calling out other members such as steel erectors. Instead, it wanted to settle the strike as soon as possible.

However, the 500 crane drivers suspended or sacked for carrying out an overtime ban should be reinstated before the strike was called off.

Mr. Baldwin said most of the deal offered by the Contractors' Plant Association would be acceptable. The union's claim was worth about 24 per cent and the association offered 15 per cent. The issues between the two sides are maintenance payments and fringe benefits. The union is annoyed at what it sees as the association's dragging of feet on the question of a national agreement for large construction sites.

The agreement between the union and the association is the only large construction site deal left outstanding from the last pay round. Mr. Baldwin had earlier recommended a 15 per cent deal to the crane drivers but a union ballot rejected the offer.

The Contractors' Plant Association said yesterday the offer would have meant, with overtime, that most crane drivers would earn between £7,000 and £9,000.

It said the overwhelming majority of crane drivers wanted to accept the terms and that it had signed agreements with crane drivers from the Transport and General Workers' Union, the General and Municipal Workers' Union and the Union of Construction and Allied Trades and Technicians.

Picketing law test case adjourned after pay offer

IMPORTANT issues raised in a test case over the Government's controversial new laws on picketing remainend unanswered, after the company at the centre of the dispute made an improved pay offer yesterday.

Strikers employed by the Derbyshire sealant company of Adshead, Ratcliffe will meet today with a recommendation from the transport union officials to accept the deal.

On that basis, a Nottingham judge was told, shop stewards from the company's Belper factory undertook to withdraw pickets from the company's other works at Ashbourne 14 miles away, where nine non-union men are employed, by 4.30 pm yesterday.

A return to work by 43 Belper strikers is expected on Monday. The surprise move came when the hearing resumed.

Judge Thomas Heald, sitting in the Queen's Bench Division, was being asked by the family-owned company to rule that the picketing of the Ashbourne works was unlawful under the Government's new Act but after being told of the terms of an agreement between the parties, the judge adjourned the hearing indnefinitely.

Mr. Barry Ratcliffe, the company's managing director, said later a need for legal action no longer existed.

Mr. Keith Jackson, a senior transport union shop steward, against whom an injunction had been sought, said: "I am quite happy with the new terms."

The strike at the Belper plant began on September 8, the day the Government's restrictions on secondary picketing became law.

Although the Ashbourne works was initially unaffected by the walk-out, a 24-hour picket was later mounted outside to try to prevent the delivery of supplies and goods to customers.

The company had sought an injunction to restrain Mr. Jackson from picketing at or near the Ashbourne plant.

BBC craftsmen's action intensifies

BY GARETH GRIFFITHS

THE BBC craftsmen's disputa which has halted several television productions intensified yesterday when about 30 studio hands and property handlers who belong to the National Association of Theatrical, Television and Kine Employees, joined the week-long strike.

By last night 404 BBC staff had been taken off the payroll, including the 27 whose suspension last Thursday caused the strike. The dispute is concentrated in the scenic effects and construction departments at the BBC's West London television studios.

Yesterday's intensification was aggravated by the fact that members of the Association of Broadcasting Staffs, the most powerful union at the BBC, continued to work. There has been friction between the unions for two years.

Ironically the studio bands' action will be limited as the strike has meant the BBC has little scenery or props

Four productions were hit yestarday: Playschool, Watch, Jackanory and the Light of Experience. Today's Russell Harty book programme has been cancelled. The main impact on viewers has been the bare studios for live programmes such as tha news

Building union may act over jobless

BY OUR LABOUR STAFF

BUILDING workers' union representatives are to meet early next month to consider industrial action over unemployment in tha construction industry.

The Transport and General Workers Union said yesterday it was calling a special joint meeting of its construction group. The union is planning a mass lobby at tha Conservative Party Conference to spotlight the "atrocious" employment problem

The union called the Government callous and nncaring for its attitude to an industry where 300,000 construction workers were unemployed.

Mr. George Henderson, national secretary for the construction industry in the transport union, quoted the seasonally adjusted figure, of 224,100 for August, of registered unemployed craftsmen and operatives. He said it was the worst since records started in 1948. He said the figure did not include professions and unregistered unemployed construction workers.

Express peace moves

By John Lloyd, Labour Correspondent

TALKS were going on last night between the Express Group and the National Society of Operative Printers, Graphical and Media Personnel in an effort to settle a dispute which halted yesterday's London editions of the Daily Express and the Daily Star.

The main dispute involves the 600 NATSOPA members who work in the machine room. It is understood that on Tuesday night they rejected the advice of their national official to agree to work overtime necessary to print the Manchester-based Daily Star. They were then dismissed.

The decisinn nf the NATSOPA chapel (office branch) followed an announcement by Express management that London printing of the loss-making Daily Star would cease from September 27.

Mr. Les Dixon, president of the print craftsmen's union, the National Graphical Association, said last night that he would meet Mr. Jocelyn Stevens, managing director of the Express Group, tomorrow

Mr. Dixon said he believed the decision could be reversed and it might be possible to include leaders of the other four print unions

Mr. Ken Ashton, general secretary of the National Union of Journalists, said he has received assurances from Mr. Stevens that the 53 journalists in the Star's London office would not be affected.

● The NUJ has called a meeting for tomorrow of the chapel officers from the 34 London weekly papers on strike, to discuss an improved pay offer by the Newspaper Society.

The NS has offered an extra £1 on its £8.50 offer for London weighting an dindexation of the London allowances, from January 1982.

Textile workers hit at 'sadistic' policy

BY JOHN LLOYD, LABOUR CORRESPONDENT

UNIONS representing textile, clothing and footwear workers predict tha loss of 100,000 jobs by the end of this year, and larger losses in 1981.

They have called on the European Commission and the UK Government to apply stricter controls on imported clothing, textiles and footwear, and for more assistance to the industries.

Mr. Alec Smith, general secretary of the National Union of Tailors and Garment Workers and chairman of the TUC textile, clothing and footwear industries committee, said yesterday that the Government was pursuing a "ridiculous, almost a sadistic policy" of cutting regional aid and refusing to take effective action on imports.

"The textiles, clothing and footwear industries are not highly paid sectors. Trade unions have co-operated in the process of change. The productivity record has been a good one. Under Mrs. Thatcher's policies such virtue certainly does not have its own reward, unless you count getting tha sack as a reward," he said.

The committee yesterday launched a policy statement which called for immediate action on three fronts:

● The EEC and the UK Government should strengthen the Multi-Fibre Arrangement (MFA) by making the ceilings absolute, rather than merely targets. Imports of commodities outside the MFA should be more effectively policed.

● Th EEC should pursue a more effective anti-dumping policy, with the UK Government taking unilateral action if required.

● The Government should increase regional aid and selective assistance to tha industries to maintain "a sizeabla core."

Mr. Simth stressed the need to cut the agreed level of increase on imports, standing at 6 per cent a year. He said tha effect of this level in a declining industry meant a much higher growth in imports.

He said that employers in the industry agreed with "at least 95 per cent" of the policies put forward by the TUC committee.

Mr. David Lea, the TUC assistant secretary, said the TUC was concerned about the low artes of pay in the main exporting countries, Hong Kong, Taiwan and South Korea.

Bid to save Clyde yard

BY RAY PERMAN, SCOTTISH CORRESPONDENT

TALKS take place today to try to save the oil platform construction yard at Hunterston, on the lower Clyde, which is threatened with closure.

The U.S. group, Chicago Bridge and Iron, which manages the yard on behalf of Ayrshire Marine Constructors, has agreed to meet national officials of the General and Municipal Workers Union and the Boilermakers Union in Newcastle.

The unions will ask the company to rescind its decision to pay off the 900 workers and close the yard. They will put forward a three-point proposal to improve industrial relations.

Hunterston has been idle for nearly three-weeks because of a safety dispute, but a meeting of the men earlier this week voted to tend the strike, provided shop stewards were included in future negotiations alongside full-time union officials.

The yard is building the steel platform for Phillipa Petroleum's Maureen field.

Ultimatum over Corby pay claim

By Our Labour Staff

THE IRON and Steel Trades Confederation yesterday gave management at the British Steel Corporation plant in Corby, Northants, 24 hours to agree to extra payments for 400 tube workers. Otherwise, a wildcat strike will be declared official.

The tuba workers have been on unofficial strike since Monday, after management refused to pay extra money for taking on jobs previously done by fitters belonging to the AUEW.

John Cowling, the ISTC's national executive committee member at Corby, said: "The fitters are each being paid £8 for giving up the job and our members want extra money as well."

Job advice

BRITAIN'S third-largest union, tha General and Municipal Workers, is to set up "employment surgeries."

Union officials will advise on redundancy pay, short-time working and unemployment benefits to anyone

Wage parity

LOCAL AUTHORITY workers should receive waga rises in line with the general level of wage rises, Mr. Geoffrey Drain, general secretary of the National Association of Local Government Officers told the union's national executive council yesterday. "It is precisely because local authority white-collar workers have been offered less than 21 per cent—the average of current earnings rises—that their 1979-80 pay claims have not been settled," he said.

Violence predicted

INCREASING social despair and the "possibility of violence on the streets by Christmas," over job losses was predicted yesterday by Mr. Colin Barnett, North-west regional secretary of the TUC.

BANK OF ENGLAND BULLETIN BY PETER RIDDELL and DAVID MARSH

Exports boost UK payments

BRITAIN'S current account balance of payments has benefited from a faster growth rate of export prices than for imports during the last few years, according to an article on relative prices in the UK's foreign trade contained in the Bank bulletin.

Expressed as an index (1975=100), the terms of trade, on an overseas trade statistics basis, rose from 98 in 1976 to 107 last year, falling to 103 in the first quarter this year and then recovering to 105 in the second quarter.

The Bank's analysis shows that price changes in exports and imports of goods other than oil last year benefited the balance of payments to the tune of £1.4bn, following a benefit of £1.3bn the previous year.

This effect was, however, swamped by changes in the relative volumes of imports and exports working in the other direction. Non-oil volume changes burdened the current account by an additional £4.4bn last year, well up on the £1.3bn volume deterioration recorded in 1978.

This volume change was the main factor behind the overall worsening of the current account last year, which swung into a deficit of £2.4bn from the 1978 surplus of £917m.

In oil trade, volume changes have favoured the current account during the last two years reflecting theb uild-up of UK production.

The Bank says there have been two main reasons for the terms of trade improvement during the last few years, which contrasted with the annual falls registered earlier in the decade.

First, the prices of domestic manufactured goods in the UK have been increasing more rapidly than overseas, while sterling has been appreciating. This has boosted the terms of trade of manufacturers because domestic prices have been exerting a greater influence on export prices than on import prices.

Second, primary prodnct prices fell until 1979—in relation to finished goods prices.

Inflation 'may be reduced by 4%'

THE PROSPECTS now look encouraging for achieving a reduction of inflation, the primary aim of policy in the UK, the Bank of England argues in the latest edition of its quarterly bulletin.

It notes both the recently small monthly rises in the retail prices index as well as the disappearance of earlier signs of rapid price increases and speculative activity in the property market.

The annual rate of retail price increase is likely to come down quite rapidly in the early part of next year, although much will depend on the next wage round, the bulletin says.

The year-on-year increase should fall when various factors which raised prices quite sharply last winter and early spring — in particular, higher oil and commodity prices and also higher mortgage rates — fall out of the comparison. The total effect might be worth 4 per cent.

On the pay side, "whereas little success was achieved in persuading wage bargainers to accept that the 1979 Value Added Tax increase did not affect the underlying rate of inflation—and was broadly offset by the cuts in direct taxation—the fact that the VAT effect has now fallen out of the 12-month series should certainly be helpful. But most important should be the further deceleration of inflation, recorded and prospective."

Bank of England Quarterly Bulletin, volume 20, number 3, price £4.00 in the UK for a single issue from Economics Division, Bank of England, London EC2R 8AH.

The Bank points out, however, inflation in other countries has also eased back in the last few months. "This country's problems need to be seen against the background of competitor countries' relative success in containing inflation."

The bulletin also discusses the outlook for public sector borrowing the expectation that it will decline in the second half of 1980-81 from the high £4½bn figure of the April to June quarter.

However, so far there is no sign that the recession has contributed anything to borrowing above the level allowed for at the time of the March Budget. If a deeper recession now emerges this could reduce revenue and increase spending.

The Bank says "this underlines the importance of maintaining control over the course of the larger part of public expenditure which is not directly sensitive to the level of activity."

The bulletin points ont that an unanticipated deepening or prolongation of the present recession would tend to increase public sector borrowing without necessarily implying any laxity of financial control or change in the Government's fiscal stance.

Very roughly, public sector borrowing might be £1bn higher for each 1 per cent by which Gross Domestic Product was lower than assumed, provided that lower Government spending or higher taxes were not the source of lower GDP.

Companies hit by profits dilemma

THE response of industrial and commercial companies to current severe financial pressures has done little more than limit these pressures, says the economic commentary section of the latest Bank bulletin.

Excluding North Sea operations, profits of industrial and commercial companies (net of stock appreciation) have been falling since mid-1979. The real pre-tax rate of return declined to 3½ per cent—its lowest yet—in the period from July, 1979, to March, 1980, having been 6 per cent in 1978.

Nevertheless, the fall in profitability has heen less sharp than in the previons recession, although then it fell from a higher level.

The bulletin says: "Although the acceleration in costs has recently heen less rapid than it was in tha mid-1970s, profits have been squeezed by a sharp deterioration in competitiveness, whereas in the earlier period depreciation of the exchange rate provided some protection. Profits have probably fallen further since the first quarter as price increases have slowed down while labour costs have continued to grow rapidly."

Companies have responded by curbing their spending on fixed investment. Employment has fallen sharply.

The financial deficit of non-North Sea companies increased to about £2bn in the six months to March; this is lower in real terms than in 1974, mainly because companies have been better able to adjust their outgoings and thus to limit their financing needs.

Companies, nevertheless, have borrowed heavily from banks and reduced their holdings of liquid assets. "Their liquidity deteriorated sharply between the first quarter of 1979 and the first quarter of 1980, when it was still slightly better than the worst levels of 1974-75; the recent Department of Industry survey indicated a slight improvement in the second quarter.

"Higher nominal interest rates have been largely responsible for a marked worsening in income gearing; with interest rates at their current level, the likely fall in profitability since the first quarter and continued recourse to bank borrowing suggest a further deterioration, perhaps to the level of 1974.

"Heavy bank borrowing has implied some worsening of capital gearing; even so, the cumulative inflation of the last five years has almost halved the real value of debt."

Looking at monetary developments, the latest bulletin says it seems clear that a major part of the recent expansion in sterling M3, the broadly-defined money supply, represents adjustments to the end of the corset — that is, the banks resuming kinds of lending which had been diverted previously into other channels.

M1, the narrowly-defined money supply, has increased mora modestly in the last year.

"In the period ahead, the rates of expansion of the money stock on the narrow and wider definitions should become much less divergent.

"The two chief counterparts to the rapid growth of sterling M3 have been the large public sector borrowing requirement —which should decline substantially in the second half of the financial year—and bank lending to the private sector which has also been large, and which is also expected to moderate."

The bulletin notes that the timing and depth of the recession in the UK have contributed to a marked improvement in the balance of payments. Helped by virtual self-sufficiency in oil, the current account has been in balance, or even surplus, in recent months. The exchange rate has continued to strengthen.

"But with activity in other industrialised countries now slowing down or falling, this cyclical gain to the UK may well diminish at a time when past cost increases continue to affect the competitiveness of industry," it says.

In particular, the volume of world trade in manufactured goods, weighted by UK markets, is estimated to have grown at an annual rate of more than 7¼ per cent in the first half of this year — implying a substantial fall in the market share of UK exports. But world trade on this basis is projected to be rising at a rate of only 2 per cent in the current half, with a forecast rise of 4 per cent in the first half of next year.

Imports of finished manufactured goods were roughly unchanged in the second quarter, compared with a year ago, and some 5½ per cent below the peak in the last quarter of 1979.

"It appears that the demand for manufactured goods, whether home-produced or imported, has been especially weak; and attempts by wholesalers and retailers to reduce stocks may also have led to lower imports."

The bulletin says that oil production in the five years 1980-84 is now expected to be rather less than previously thought, rising from between 80m and 85m tons this year to between 95m an 135m tons.

At these levels of output, Government revenues from North Sea oil and gas will exceed £3½bn this year and rise to about £6½bn in 1983-84 (at 1980 prices).

Looking at the labour market, the bulletin says productivity may have fallen slightly between 1979 and the first half of this year. Even if account is taken of the number of hours worked per operative as well as the decline in the labour force.

"Any recent fall is unlikely to signify anything about longer-term trends; a fall in prodnction ahead of employment may be no more than a matter of timing."

AMOUNT OF LEASING
£m
Estimates at 1975 prices in parentheses

	Gross assets acquired for leasing (including ships): Equipment Leasing Association estimates		Department of Industry estimates		Per cent: Proportion of investment by manufacturing industry in plant, machinery and vehicles financed by leasing
1971	159	(280)	—	—	—
1972	130	(210)	—	—	—
1973	280	(410)	—	—	—
1974	321	(390)	—	—	—
1975	340	(340)	537	(537)	6.5
1976	421	(360)	670	(574)	7.0
1977	675	(515)	1,004	(765)	8.9
1978	1,214	(820)	1,634	(1,100)	11.7
1979	1,802	(1,145)	2,394*	(1,520)	13.7

* Provisional

Leasing investment increases

THE SHARP growth in capital equipment leasing by industrial and commercial companies over the last decade is highlighted in a special article in the latest bulletin.

The proportinn of investment by manufacturers in plant, machinery and vehicles financed by leasing has risen from a negligible level in 1970 tn 6.5 per cent in 1975 and tn 13.7 per cent in 1979.

One of the main reasons for this growth has been the low profitability and various deferments which significantly reduced industrial companies' current tax liability.

Consequently, many companies are unable to benefit directly from the 100 per cent first year tax allowances on new plant and machinery since their tax liability is not big enough.

But by leasing assets from other companies, generally in the financial sector, a company whose capacity to offset tax has been exhausted can benefit from the lessor's tax capacity.

Leasing business has grown rapidly since 1974, when profitability fell dramatically and the stock relief scheme extinguished a large part of industry's tax liability.

Some companies favour leasing because, under present accounting conventions, it is not recorded in balance sheets. Finance raised this way does not increase recorded capital gearing and may not count against borrowing limits set by previous lenders.

Leasing has usually been at fixed rates, though a growing number of leases are currently being written at floating rates.

The Bank concludes that leasing provides a good example of a competitive financial market. Notably, profit margins obtained by lessors have declined as more lessors have entered the market or been willing to commit more funds.

The major benefit of leasing is that it provides a form of finance for industry that is cheaper than borrowing or instalment credit for a company that is not paying tax.

The prospects for the rest of this year are reckoned uncertain. Factors likely to increase leasing demand are reduced profits of industrial and commercial companies and, high interest rates payabel on conventional borrowing.

However, the demand for leasing is likely to be reduced through reduced capital expenditure during the recession, through destocking by companies, which increases their taxable profit, and through reduced demand from local authorities.

On balance, however, the comparative advantages of leasing seem likely to increase its demand.

Oil states increase sterling investment

OIL EXPORTING countries appear to be channelling less of their surplus revenue into the dollar, in line with their increasing preference to diversify foreign reserves.

The dollar accounted for only 72 per cent of the oil states' total foreign assets at the end of March, compared with 75 per cent at the end of last year, according to a section in the Bank's Bulletin on tha deployment of oil surpluses. The move away from the dollar may have continued in the second quarter.

The lower proportion of oil money being placed in the dollar partly reflects an increase in the use of sterling as a vehicle for oil exporters' investments.

The Bank records that oil states increased their holdings of UK Government stocks by $700m (£290m) in the second quarter while their sterling bank deposits in the UK went up by $600m.

Oil states, however, reduced their investments in Treasury bills by $400m, so their overall identified sterling investments in London rose during the quarter by only $900m, less than half the increase of $1.9bn during the first quarter.

During the first quarter, the Bank says that the oil states placed $11bn in Eurocurrency bank deposits in London and other financial centres—$6bn of this was in currencies other than the dollar. Deposits with U.S. banks actually fell. As a result, the proportion of dollar-denominated bank deposits fell to 65 per cent at and-March from 68 per cent at end-December last year.

The Bank records that identified exchange reserves in sterling held by oil exporting countries rose by £554m during the first six months of 1980 to £1.76bn, although the growth rate slackenad in the second quarter.

A build-up by the oil states was the main component of the overall £627m increase in total sterling exchange reserves to £3.93bn during the first half of tha year. Banking and money market investments in sterling held in London by foreign depositors classified by the Bank as private sector holders rose during the first half by £1.27bn.

In practice, the distinction between "official" and "private" reserve holders is often rather blurred.

The Bank makes no comment on the growth in exchange reserves held in sterling. But in a general remark on the financing of global current account imbalances, it notes that West Germany, Japan and Switzerland have all adopted more flexible attitudes to the use of their currencies as reserves.

Commenting on the oil exporters' investments in the second quarter, the Bank says that they again reduced the volume of their cash surplus placed in the UK and U.S. A little more than half of the second quarter inflow was placed in dollar-denominated deposits.

The London Eurocurrency market attracted only $1.9bn deposits by the oil states during this time, well down from the $4.1bn inflow in the first three months and the $14.8bn increase during the whole of last year.

DEPLOYMENT OF OIL EXPORTERS' SURPLUSES (1)
$bn

	1977 Year	1978 Year	1979 Year	1979 Q4	1980 Q1	1980 Q2
United Kingdom						
British government stocks	—	−0.3	0.4	0.2	0.4	0.7
Treasury bills	−0.2	0.2	—	−0.6	0.6	−0.4
Sterling bank deposits	0.3	0.2	1.4	0.7	0.8	0.6
Other sterling investments	0.4	0.1	0.4	0.1	0.1	—
British government foreign currency bonds	0.2	—	—	—	—	—
Foreign currency bank deposits	3.1	−2.0	14.8	3.5	4.1	1.9
Other foreign currency borrowing	—	—	0.2	0.2	—	—
	3.8	1.8	17.2	4.1	6.0	2.8
United States						
Treasury bonds and notes	4.3	−1.5	−1.1	0.4	2.1	2.4
Treasury bills	−0.9	−0.9	3.3	1.9	1.3	−0.4
Bank deposits	0.4	0.8	5.0	3.7	−0.8	2.6
Others (2)	3.5	2.5	−0.4	0.4	0.7	1.0
	7.3	0.9	6.8	6.4	3.3	5.6
Other countries						
Bank deposits	7.5	5.0	16.4	6.1	8.2	†
Special bilateral facilities and other invests. (2) (3)	12.8	10.4	18.3	4.6	5.0	†
	20.3	15.4	34.7	10.7	13.2	†
International organisations	0.3	0.1	−0.4	0.3	−0.7	†
Total	31.7	14.6	58.3	21.5	23.2	†

† Not available.
(1) This table excludes liabilities arising from net borrowing and inward direct investment and also, on the assets side, changes in credit given for oil exports.
(2) Includes holdings of equities property.
(3) Includes loans to developing countries.

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MANAGEMENT COURSES

THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

Twenty-five years on, television advertising is launched upon a second honeymoon

Still opportunity knocks for ITV

"THERE ARE some people who regret that television was ever invented. There are some people who have misgivings about the motor car or the ringing of the telephone bell. But television is here and an immensely powerful, evergrowing medium it is. . . ."

It was on that note—part bluster, part prophesy—that Dr. (later Lord) Hill, at the time the Postmaster - General, launched British commercial television 25 years ago.

The date was September 22, 1955. The occasion: the grand dedicatory function in London's Guildhall, serenaded by Sir John Barbirolli and the Hallé, with which ITV had chosen to ring up the curtain. As the evening progressed, the soufflé grew lighter. Christopher Chataway appeared, as ITN's first newscaster, and Hughie Green popped up to announce Double Your Money.

It was an hour before Britain saw its first TV commercial: a shot of a tube of Gibbs SR toothpaste embedded in a block of ice. According to Peter Black, in The Mirror In the Corner (Hutchinson, 1972): "The home audience watched this apparition (the very heart, core and inspiration of ITV) with a not unnatural awe, as though the commercials might, after all, have the demonic power the anti-commercialists had claimed and would send everyone out of doors . . . clamouring for Gibbs SR."

ITV is conducting its 25th anniversary in relatively modest style. There will be a few celebrations, but the companies have their noses to the grindstone, wondering how long and how deep the recession will bite. Much more important is the matter of renewal of their franchises.

Yet television advertising has seldom been more popular. The commercials are so obviously better-crafted, more expensively produced, than the material they interrupt; while advertisers, despite bleats about cost, today seem prepared to pay almost any money to thrust their goods on air.

It was not always so. In the earliest days, all but the bravest advertisers stayed out, although they honeymooned briefly. In their first six months, Associated Redifusion, ATV and ABC sold £3.9m worth of airtime to 85 advertisers, eight of them spending more than £100,000 each.

"As a guide to what advertisers considered to be basic human needs," writes Peter Black, "they form an austere list: soap, petrol, patent foods, beer, tinned and packet soup, butter, margarine and newspapers. Tobacco was not far behind. Meanwhile . . . the money continued to cascade away with a horrible roar, enough to appal the bravest."

Yet having held back, the advertising industry eventually rushed into television in the winter of 1957, so that the ITV companies were almost embarrassed by their success.

In the first half of 1957, revenue reached £13.7m: "Fears that the public wouldn't like the commercials, or that the hold of the Press on advertisers might be too well established to be broken, proved as imaginary as the hold of the BBC on the audience's loyalty. It was learned by enraptured researchers that viewers had almost total recall of the early commercials, and their unconscious continued to absorb them long after their power to take possession of the conscious memory faded."

Television soon demonstrated its power to sell—its ability to combine live action, sound, movement, music and impact in a manner that delighted advertisers.

"Whether a commercial was liked or disliked," says Black,

"had little bearing on whether it sold the product. The advertiser asked only that the viewer should react strongly either way. The trick was to sell the brand name, so that when the housewife stood before the detergent counter, her mind a whirling maze of doubts and uncertainties she would gratefully buy the first name that came into her head."

Yet casualties there were. Strand cigarettes ("You're never alone with a Strand"), was a popular enough commercial that even won awards. But the brand flopped because the agency had not foreseen that viewers would not identify with a lonely trilby-wearer who couldn't even get a girl.

There were other products that did not quite make it, among them: Walpamur fly-killing paint; Lyril ("Get that lovely Lyril feeling") toilet soap; Duo-Can, a meal in a can, which if you opened at one end produced rice, at the other end, meat; and Luxurloaf, a sliced and wrapped white bread (circa 1963) containing *10 thick slices* and 15 thin.

Yet in the main, the potency of television is undiminished, as witnessed by the furore caused last autumn by the 11-week ITV technicians' strike, which cost the network dear, imperilled agency *profits*, and *infuriated* advertisers.

Settlement of the dispute was followed by a drubbing in the ratings. ITV was accused of failing to market its programmes, and of topping off the ratings slump with precipitous price increases.

One of the fiercest critics was Peter Marsh, chairman of Allen Brady and Marsh, one of Europe's fastest-growing agencies and a heavy spender on TV.

"The ITV strike provided the most grotesque mishandling of a customer-supplier relationship I have seen in all my years in advertising," he said. "Not one letter landed on my desk by way of explanation.

"The contractors appear *to* have moved away from the business of advertising and into the field of money-collection — look at rate-card development and cancellation clauses. . . . We are fighting a system. The attitude of the contractors is how best to maximise profits and rates of return . . ."

Yet remarks like those, albeit from the bottom of the heart, have to be contrasted with the fact that ever since the strike, ITV has enjoyed extraordinarily strong demand.

Indeed, research carried out by D'Arcy-MacManus & Masius in the wake of the strike gave a clue to the modern-day selling power of television commercials.

It put 96 brands in 26 different product fields under the microscope. Overall, says Masius, the 96 brands showed an average net volume sales loss during the period of the strike of 4.5 per cent, and an average net loss in brand share of 2.4 per cent. The amount the 96 brands "saved" by having their ads held off the air was an estimated £9m: their *sales* losses *were estimated at* nearly three times that.

Harold Lind, formerly of the Advertising Association, and now of AGB, identifies two factors which have not only sustained advertisers' faith in television over the past few years, but have inflamed it. One, says Lind, is the broadening of the product categories that now advertise on TV. The other he attributes to fashion.

"Just as it was fashionable in the early 1970s for advertisers to doubt the value of their television expenditures," he says, "there is now a growing body of evidence that the fashion has changed, and the advantages of television advertising are becoming more widely recognised.

A part-explanation for this is the feeling of many leading advertisers that the drastic budget cuts of 1974-75 were oppressive in the extreme, and the belief that it cost them more to win back brand franchises than was ever saved by the "cuts."

Whether the picture is quite as bright as all that, only time can reveal. Franchise applications notwithstanding, Independent Television is entitled to celebrate its birthday vigorously and in style. MT-N.

TELEVISION ADVERTISING BY PRODUCT GROUP

	1975 %	1976 %	1977 %	1978 %	1979 %
Consumables	61.9	60.3	57.2	55.3	54.1
Durables	15.8	17.5	19.1	19.5	20.9
Services	6.4	6.2	6.1	7.5	7.8
Retail	7.3	7.5	8.2	7.2	7.2
Industrial	1.5	1.9	2.4	2.1	1.4
Financial	1.7	1.8	2.4	2.5	2.8
Government	2.3	2.0	1.9	2.5	2.7
Other	3.1	2.8	2.7	3.4	3.1
Total net advertising revenue	£177m	£231m	£300m	£363m	£347m

Grandfield on the move—with an extra £1.5m

A HAT-TRICK of stories from Grandfield Rork Collins which has just celebrated its first year of trading. It has gained almost £1.5m in new business from Alberto Culver; it has recruited David Foster from Leo Burnett as it's first finance director; and it is about to move to larger premises off Jermyn Street.

After just 12 months the agency bills £7m and more important has a revenue of over £1m, proving the case for fees over commission. It picked up some Alberto Balsam business in July and now has the total advertising spend of the American company which in the past has favoured ad hoc consultancies. It's change of heart follows a big expansion drive designed to boost sales from around £30m to £50m in three years, and it joins Spar as GRK's major client—of 12.

Foster pushed up Burnett's profits three fold in the three years he was there but has joined the recent exodus from the agency. The move, from the pleasant Greek Street building, is one of the drawbacks of success.

Comings and goings

MWK has picked up the £1m Empire Stores mail order business in competition with 20 agencies. The aim is to recruit more agents for Empire. The agency also has the satisfaction of seeing its budget for Hornby, part of the Dunbee-Combex-Marx toy giant, increase by 50 per cent to £1.3m for the pre-Christmas push — an almost unheard of vote of confidence for a company which is run by a receiver.

OBM has gained the £1m Raleigh Bikes advertising. Five other agencies were after the business, including Gerrards, which had the account. Raleigh, a subsidiary of Tube Investments, has half the £115m bike market and had been pushing its advertising hard recently.

Go-Cat, the Carnation Foods pet food is switching to Abbot Mead. The £500,000 budget was resigned by CDP in May. Carnation is also testing Three Cheers —for cats. Gossards, is going local—lifting the advertising of its bras from Murray Parry to Garratt Baulcombe of Nottingham. The budget is £300,000. Chetwynd Haddons has picked up the £300,000 Maynards wine gums advertising; CDP has added Haldenbrau lager to its other Whitbread business; and Hawaiian Tropic, a leading U.S. suntan lotion maker, has picked *Wells Rich Greene for its European launch.*

Etcetera

BY ANTONY THORNCROFT

Frozen in toothpaste

What happened to the man who 25 years ago this week created the first British television commercial and precipitated a gravy train which has fed and watered all the major advertising agencies, as well as the ITV moguls, ever since? Well, he is entitled to some champagne, or rather Cointreau (a client), on his own account this month, for Brian Palmer, who wrote that Gibbs SR commercial which froze the toothpaste in ice where it has *stayed ever since*, has just returned to advertising, as chairman of Doyle Dane Bernbach.

After creating his own slice of *advertising history* as a *third* of KMP, the original British whizz - bang agency, Palmer moved on to the gentleman's side as a managing director of Young's, the family brewery. But he kept his hand in as a director of Dorland's and was quite happy to be head-hunted to Doyle Dane, an agency he calls "the world's least known agency" and one which, ironically, is keen on mixed media campaigns rather than the heavy TV budget approach.

His first days have been spent meeting the advertisers and he reckons his time as a client has helped him "to understand what affects them in real life: the nitty-gritty of stocks and margins and payrolls and investment. Advertising has a place—but just a place." His immediate aim is to make Doyle Dane better known and already five potential clients have been in for a chat: the agency has given up its former policy of shunning presentations and is on the short list for more Lyons business and for Pirelli.

Since his last period at the selling end Palmer notices "more hurdles placed in the way of agencies," but he finds little basically wrong at Doyle Dane. There have, however, been some changes — fresh flowers in his office daily and real coffee—Lyons, of course—throughout the agency.

Advertising goes east

Nothing sums up the current Chinese obsession with things Western better than the decision to replace the four gigantic posters of Marx, Engels, Lenin and Stalin in the Square of Heavenly Peace in down *town* Peking with advertising billboards. If you want the prime site in all China you could first contact McCann-Erickson's girl there, Angela Newsome, who leaves this weekend to set up the first Western agency in China. (For once the Japanese *got there* first.)

Newsome, 26, has the key qualification of fluent Mandarin which she will need to negotiate the bizarre possibilities of advertising in China. There is no shortage of clients—she starts with Kodak, Coca Cola, and Carreras-Rothman as well as *Jardines*, the China merchants who share the agency with McCann's. Among the problems are the fact that the Chinese can't buy products like Coke with their own currency—only foreign currency certificates — and the lack of television sets, although this is compensated for by average audiences of 50 viewers per set. Other plus points are the cost of media—30 seconds on Peking TV can be bought for US$5,000—and the Chinese childlike love of brands. They specify the exact make of consumer durable they want their Hong Kong relatives to bring in.

McCann-Erickson Jardine also has tow homegrown clients, the Chinese national airline and the China International Travel Service. At the moment their budgets for overseas advertising are small, given the shortage of foreign currency, but they are key accounts and already advertise in trade publications abroad.

Miss Newsome has the job of developing new business, making a start on the many foreign trade missions that pass through Peking. This is something she knows all about since her previous incarnations have included organising the Peking British Scientific Instruments Exhibition in 1978 and the British Aviation Equipment Exhibition in Shanghai this spring.

She lived in China through the death of Mao and the disgrace of the Gang of Four and although there are basic problems—Chinese are not allowed to work for foreigners—she knows at least some *of* the ropes. And it is a long time since the advertising industry had an audience of a billion positively wide-eyed at the sight of TV commercial and posters.

Productivity holds the key

BY ANATOLE KALETSKY

THE "NEW MOOD of economic realism," which is apparently sweeping through Britain's factories as workers take stock of their employers' dismal prospects before preparing their wage claims, has now displaced "unswerving monetary control" as the Government's favourite economic panacea. In this column last week I asked the question of wbether this realism is likely to survive the beginnings of an economic nptura.

A response

Monetarism bas a simple respopse to the cbarge that inflation will take off again if the realism created by deflationary macro-economic management proves as transitory ao the moderation impoced through explicit incomea policies. As long as monetary targets are observed (assuming that they begin to be observed oome time in the near future), any attempt by workers to make up for the declines in real wages which they are now beginning to auffer will result in higher unemployment, lower economic growth and further realism.

In other words macro-economic policy will continue to be defiationary in future, until workers, and employers' behaviour cbanges to leave room for real growth. At root, the madium-term financial plan and all the other monetary devices have one aim: to set a path for the growth of national income at current prices. How that growth then breaks down between growth of real output and price increases is determined by the actions of economic agents, such as employers and trade union leaders. The lesson which the Government bopes to instill is that if wages and prices rise by more than the monetary targets, then real output will bave to fall to make nominal output fit into the path pre-set in the medium term plan. If on the other hand inflation turns out lower, than the target growth rate for money, there will he sufficient beadroom for increases in real productiop.

At the level of individual firms this beadroom will be seen as a slight upturn in demand in the latter part of next year. The question that will then face wage bargainers will be whethar to push for higher real wages as they see their employers' financial health improving or to accept continuing falls in living standards while their employers put up prices in an attempt to improve their grossly inadequate profit margins.

While under the present circumstances employers seem to be prevailing on their workers to accept declining real wages this will become much more difficult once the threats of imminent bankruptcy and redundancies are lifted. Indeed employers who put too much stress in their pay bargaining on collapsing profitability are giving a hostaga to fortune. The Government is wrong to encourage the idea that workers have a kind of equity stake in their companies and sbould expect their real wages to fluctuate widely, depending on their employers' profits.

More generally, the aort of economic realism whicb recognises that the boss cannot afford to pay more without going bust is a long way from the constructive understanding of business life that the Government and employers should be trying to foster. The idea that there is a genuine community of interests between workers, employers and the Government in achieving and sustaining a higber level of profitability in the economy does not follow from the aullen acceptance of falling living standards.

Gaining ground

Tbe signs that this more positive kind of economic realism io gaining ground will be seen not in wage settlements but in productivity improvements. Low productivity, rather than bigb wages is the fundamental problem of Britisb industry and falls in real wages wbich the Government's policy may succeed in achieving are only a sbort-term palliative, which will bring Britain no nearer to its competitors' productivity records. Indeed a macro-economic policy which depends on continuing deflation and bigh unemployment to prevent real wages from rising will only make the achievement of higher productivity more difficult.

How technology could speed justice

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

AS THEY reassemble after the bolidays, the courts in the UK and abroad will be faced with the same old problems of congestion on their lists and the sort of delay which makes litigation go on for years—at a great cost in terms both of money and of executives' time.

These costs may be only of a nuisance value to financially strong companies, but they are fatal to small and medium-sized enterprises. The fear tbat these costs might jeopardise their business exposes them to blackmail by those who are strong enough to afford them, since the small company would not dare risk litigation lasting several years even when certain of its rights.

Inflationary

High costs and delays will bar access to courts and deprive even the most perfect judicial system of much of its practical value. Seen as a factor of the economy, both the direct and indirect costs of the machinery of justice must be added to the costs of the product and are, therefore, contributing to the inflationary process

Over the past few years this column haa often recorded judges' exasperations with delaya and unnecessary litigation. The Arbitration Act 1979 was an attempt to stem the spill-over of arbitration into courts by way of appeals used as a time-gaining device. But nothing bas been done as yet to stop the gradual transformation of commercial arbitration into just another form of litigation, often more costly than proceedings in courts.

Some relief was achieved by the introduction of simplified postal divorce proceedings. Attempts have been made, though not very successfully so far, to deal with small consumer claims outside of the normal court procedure. The legal profession, however, strongly represented in parliament as it is, is not very keen on more radical reforms. It loves its old ways, and like priests in ancient Egypt, prefers law to remain a mystery.

There is, however, no chance of redncing the genuine need for litigation without first making the law more certain and understandable. This depends, first, on the drafting of statutes and, second, on interpretation. A more advanced approach to the drafting was made in the Patent Act, and the business community should press bard that plain language should be given greater scope in other commercial legislation.

As far as interpretation is concerned, the Court of Appeal'a attempt to use parliamentary debates as an aid in the search for the legislator's intention has been thwarted by the House of Lords. British lawyers and businessmen remain, therefore, at a great disadvantage when compared with their counterparts in Germany and elsewbere where a government paper introducing a Bill in parliament, and clearly stating the purpose of individual sections, can be used by courts as an aid to interpretation.

In Britain the present method of legislativa drafting, and the present rules of interpretation, leave the job of clarifying statutes to judges so that it is not the publication of a statute but rather its application in courts which will often reveal its real meaning. That entails waiting for reports of newly decided cases—and these may be alow in coming. Not only is there a delay of many months between the handing down of a jndgment and its reporting, bnt aome judgments do not get reported at all, often because they are too long and the production of a full text report would be too costly.

The judges of the Commercial Court estimate that some 30 recent judgments deciding issues of general importance have not been reported.

The delays and difficulties start in the court. Instead of producing official texts of judgments as is usual throughout Europe, the English courts rely on the private enterprise of transcribing agencies and on the work of shorthand writers under contract to the Lord Chancellor's Department. The result is that only those taped or shorthand notes which someone is willing to pay for net transcribed. The courts have no money for transcriptions and the judges continue to pass jndgments in blissful ignorance of decisions made next door, months before.

Nevertheless court congestion is not only caused by parties genuinely uncertain about their rights. Another important eanse of congestion io the brazen abuse of the law by those wbo know it but wish to avoid or delay its effect. As long ago as 1968, the Winn Committee on personal injury litigation, recommended that "It shold he made costly for defendants and their insurers to postpone the settlement of claims or for plaintiffs to delay their presentation or negotiation." In 1968 this was mainly a question of interest. Nowadays the devaluation of money during a litigation lasting several years may be more important than interest. There seems to be a case for index-linking claims as a deterrent to those wbo delay payments by the abuse of the legal process.

Other economic disincentives migbt be needed to restore some sort of balance between the litigation capacity of a small company and a large one. One such possibility seems to be to make litigation costs tax-deductible only to companies not reaching a certain minimum turnover.

Economic disincentives to litigation could be accompanied by the development of methods facilitating out-of-court settlement of disputes. Not only arbitration but genuine conciliation could be institutionalised by means of obligatory pre-trial conferences of the parties or conciliation attempts by the masters of the High Court and judges in other courts. Conciliation, mediation, or simply persuation, could stop many parties abont to go down the dangerous slope of litigation. At international level, new efforts for developing conciliation procedures for commercial disputes are at present being made by the United Nations.

Greater clarity of legislation, faster reporting of decisions, economic disincentives to litigation, as well as new facilities for conciliation, are all likely to take a long time to introdnce. Re-equipment of courts by advanced office and information technology could be achieved more qnickly and less painfully and would ease and speed up their work. There is great scope for using computers for identifying cases and monitoring their progress. Judges and court officials could obtain information about a case on a video screen with the same speed and ease with which booking clerks obtain information about seats reserved or available on flights of different airlines.

Over-burdened

A computer could show wbicb solicitors and barristers were so over-hurdenad that they might contribute to delays and could avoid fixing hearings on days when they were busy.

There are now computer programmes available which transform the key strokes on a shorthand machine into a printout of the longhand equivalent. Bnt even simpler improvements bringing courts up to the standard of a conventional business office could help. If judges could dictate their notes, or bava them copled in the court'e typing pool, the whole problem of law reporting would be solved at a stroke. Instead of reading judgments for bours they would simply announce their verdict and distribute the printed text, as some courts do in Europe.

Give Sekam another chance

RACING

BY DOMINIC WIGAN

NO NEWMARKET trainer enjoys a beter time at Ayr than Jeremy Hindley, whose atrike rate at Scotland's premier track is a remarkahle 36 per cent. It pays to examine all his runners there.

Hindley, responsible for 22 winners on the course since the start of the 1975 campaign, but surprisingly without a runner yesterday, relies on Sekam today.

Although Sultan Adham's juvenile proved a major disappointment at Beverley last time out, I intend giving him another cbance for his running on the Yorkshire track was clearly too bad to be true.

Starting a 6-4 favourite for the valuable Beverley Silver Salver, Sekam ran way below his true form—folding in a matter of strides once in line for bome—to finish laot behind the moderate Stormy Jim.

In the balief that all was not well with him there, and we can expect to see a reproduction of the form which saw him scoring readily from Buffavento at Newmarket on his previous outing, I take Sekam to win in emphatic style

Steve Cauthen's mount, who runs in preference to Baas, may be followed bome by Lifestyle—in no way disgraced going down to the ever improving Sbotgun at York early this month.

Close behind Hindley in number of Ayr successes, and the only other Southern-based trainer to bave saddled more than a dozen winners on the track in the past five-and-a-half eeasons, is Gavin, Pritchard-Gordon. He, too, should be on the mark.

Countess Olivia, who represents Pritchard-Gordon in the opener, the Troon Stakes, showed enough promise wben in the frame behind Douschkioa at Newmarket last month to suggest that she can get off the mark. Stable-mate, Side Track, looks weighted to land the Ladbrokes Ayrshire Handicap off 8 st 13 lb.

Turning to Yarmouth, wbere six Newmarket-trained runners obliged on the corresponding afternoon a year ago, Galveston is the one they may all have to beat in the Yare Stakes.

AYR
2.00—Countess Olivia
2.30—Ballytop*
3.05—Side Track
3.35—Sekam***
4.05—Princess Gayle
4.35—Champ D'avril

YARMOUTH
2.15—Empress Carlotta
3.15—Salmon Berry
4.15—Bracadale
4.45—Galveston**

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.30 pm Open University (Ultra higb frequency only). 12.45 pm News. 1.00 Pehble Mill at One. 1.45 Mister Men. 2.15 Music Tima for Teachers. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 1.00 am). 4.20 Laurel and Hardy cartoon. 4.25 Puzzle Trail. 4.40 The Red Hand Gang. 5.05 John Craven's Newsround. 5.10 Blue Peter.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
7.55 Blankety Blank.
8.30 Yes Minister.
9.00 News.
9.25 Mackenzle.
10.20 The Greeks.
11.10 All Abont Books with Russell Harty.
11.45 Weather/Regional News.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales—5.55-6.20 pm Wales Today. 6.55-7.20 Heddiw. 11.45 News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottisb News. 5.55-6.20 Reporting Scotland. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 Look East (Norwich); Look North (Leeds, Newcastle); Look North-West Mancbester); Midlands Today (Birmingbam); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC 1 3.55 pm).
4.50 pm Open University.
6.55 Darts: Unipart World Team Matchplay.
7.20 Mid-evening News including sub-titles.
7.30 Day Out.
8.00 Open Door.
8.30 "A Matter Of Life And Death," starring David Niven, Roger Livesey and Kim Hunter.
10.10 Darts: Unipart World Team Matchplay.
10.45 Newsnigiit.
11.30 Darts (continued).

LONDON

9.30 am London Horses. 9.55 Animated Classics 10.40 Wild Canada. 11.30 The White Stone. 12.00 Little Blue. 12.10 pm Stepping Stopes. 12.30 The Sullivans. 1.00 News, plus FT Iodex. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 China: Acrobats, 3.00 Send in the Girls. 4.00 David Hand Cartoon. 4.15 Little House on the Prairie. 5.15 Mr. and Mrs.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Battlestar Galactica.
7.30 Spooner's Patch.
8.00 Benny Hill.
8.30 TV Eye.
9.00 Minder.
10.00 News.
10.30 Thames Report.
11.00 Lou Grant.
12.00 What the Papers Say.
12.15 am Close: "Sit Up and Listen" with Lord George Brown.

All IBA Regions as Loodop except at the following times:—

ANGLIA

9.30 am Gardening Today. 10.05 Le Villoge, un Villaga. 10.30 The Beachcombers. 10.55 The Coral World. 11.45 Cartoon Tims. 12.30 pm The Riordens. 1.20 Anglia News. 4.00 Cartoon Time. 4.15 Mumbly. 4.20 Project UFO. 5.15 Take My Wife. 6.00 About Anglio. 6.20 Arena. 8.35 Crossroads. 7.00 Bygones. 10.30 The Brion Connell Interviews. 11.00 The Prime of Miss Joan Brodie. 12.00 The George Hamilton IV Show. 12.30 am The Living Word.

ATV

9.35 am Gordening Today. 10.00 Stars on Ice. 10.25 In Search of . . . Witch Doctors. 10.50 Chopper Squad. 11.40 The Undersea Adventures of Captain Namo. 11.45 Hara Comes Mumfie. 12.30 pm The Riordans. 1.20 ATV News. 4.00 Cartoon. 4.15 Tarzan. 5.15 Musical World. 6.00 ATV Today with ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 10.30 Here and Now presented by Zia Mohyaddin. 11.00 ATV News. 11.05 Thriller: "Dial A Deadly Number."

BORDER

9.35 am Gardening Today. 10.00 Border Journey. 10.25 Thingummyjig. 11.15 Export Scotch. 11.40 Fanglace. 1.20 pm Border News. 4.00 Cartoons. 4.15 Salvage One. 5.15 Life Begins at Forty. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Soap. 11.00 Westside Medical. 12.00 Border News Summary.

CHANNEL

12.30 pm The Riordane. 1.20 Channel Lunchtime News, What's On Where, and Weather. 4.00 Cartoon Time. 5.15 Mr. and Mrs. 6.00 Channel Report. 6.35 Crossroads. 7.00 The Monkees. 10.28 Channel Late News. 10.35 Soap. 11.05 Pro-Celebrity Darts. 11.35 Barney Miller. 12.00 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Gardening Today. 10.00 Border Journey. 10.25 Thingummyjig. 11.20 The Export Scotch. 11.45 Cartoon Time. 12.30 pm The Riordens. 1.20 North News. 4.00 Cartoon Time. †4.15 Crazy Comics: "Convict 99," starring Will Hay, Moore Marriott and Graham Moffatt. 5.40 Police News. 9.00 North Tonight. 6.35 Crossroads. 7.00 Mork and Mindy. 10.30 Reflections. 10.35 Soap. 11.05 Thriller: "Cry Terror," starring James Mason and Rod Steiger. 12.30 am North Headlines.

GRANADA

9.30 am Children of the World. 9.55 The Outsiders. 10.50 Look at Life. 11.00 Sesame Street. 12.30 pm The Riordans. 1.20 Granada Reports. 4.00 Cartoon Time. 5.15 Looks Familiar. 6.00 Granada Reports. 6.30 This Is Your Right. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Edge of Britain. 11.00 Barney Miller. 11.30 What the Papers Say. 11.45 Bluey.

HTV

10.00 am Gardening Today. 10.30 The Outsiders. 11.20 George Hamilton IV. 11.50 Cartoon. 12.30 pm The Riordans. 1.20 HTV News. 4.00 Cartoon Time. 4.15 Salvage One. 5.15 Jobline Newsdesk. 6.20 Crossroads. 6.00 Report West. 6.30 Barney Miller. 7.00 Emmerdale Farm. 10.28 HTV News. 10.35 Gallery. 11.05 Have Girls Will Travel.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Flalobalom. 4.15 Follow Me. 4.45 Dér. 5.15-5.20 Cartoon. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35 The Race. 11.05-12.20 am Spitfire MH 434.

SCOTTISH

9.30 am Gardening Today. 10.00 Border Journey. 10.25 Portrait of the Artists. 10.50 Wild Wild World of Animals. 11.15 Young Ramsay. 12.30 pm The Riordans. 1.20 News and Road and Weather. 2.00 Racing from Ayr. 4.15 Popeye. 4.25 Little House on the Prairie. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Down to Earth. 7.00 Emmerdale Farm. 10.30 Jobs for the Boys and Girls. 11.00 Soap. 11.30 Late Call. 11.35 Sidestreet.

SOUTHERN

9.30 am Gardening Today. 10.00 "Knights of the Round Table," starring Robert Taylor. 12.30 pm The Riordans. 1.20 Southern News. 3.00 Send In The Girls. 4.00 Cartoon Time. 4.15 Tarzan. 5.10 Mr. Magoo Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.30 Survival. 7.00 Emmerdale Farm. 10.35 Your Westminster. 11.05 Musical Special: Oscar Peterson.

TYNE TEES

9.20 am The Good Word, followed by North-East News. 9.30 Gardening Today. 10.00 Border Journey. 10.25 The Beatles. †10.45 Morning Movie: "Young Wives Tales," starring Joan Greenwood and Nigel Patrick. 1.20 pm North-East News. 4.00 Cartoon. 4.15 Dog Wonder Dynomutt. 4.45 Salvage One. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North-East News. 10.32 Northern Report. 11.00 Have Girls, Will Travel. 12.00 Portraits of Power. 12.30 am Things Worth Having . . . "A Future."

ULSTER

9.30 am Gardening Today. 10.00 Border Journey. 10.25 Thingummyjig. 11.15 The Export Scotch. 11.40 Cartoon Time. 1.20 pm Lunchtime. 4.00 Cartoon Time. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 10.30 Counterpoint. 11.15 Soap. 11.45 Bedtime.

WESTWARD

9.30 am Gardening Today. 10.00 Border Journey. 10.25 Thingummyjig. 11.15 The Export Scotch. 11.40 Larry the Lamb in Toytown. 12.30 pm The Riordans. 1.20 Westward News Headlines. 4.00 Cartoon Time. 4.15 Gus Honeybun's Birthdays. 5.15 Mr. and Mrs. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Encounter. 10.32 Westward Late News. 10.36 Soap. 11.05 Pro-Celebrity Darts. 11.35 Barney Miller. 12.00 Faith for Life. 12.05 am West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am Kids at Play. †10.00 "Angora Love," starring Laurel and Hardy. 10.25 Herculoids. 10.50 Bailey's Bird. 11.10 Space 1999. 12.30 pm The Riordans. 1.20 Calendar News. 4.00 Cartoon Time. 4.15 The Adventures of Black Beauty. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Doctor Down Under. 11.00 Kaz. 12.00 The Amazing Years of the Cinema.

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates. 3.32 Peter Powell. 6.32 25 Years of Rock. 7.31 Mike Read. 10.02-12.00 John Peel (S).

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing from Ayr. 4.03 Much More Music with Jean Challis (S). 6.03 John Dunn (S). 8.02 Country Club (S). 9.02 Alan Dell with Big Band Sound (S). 9.55 Sports Desk. 10.02 The Show with Ten Legs. 10.30 Star Sound Extra. 11.02 Peter Clayton with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: The Stamitz Family (S). 9.55 Twentieth-century Music for Two Pianos (S). 11.05 Bournemouth Symphony Orchestra concert, part 1 (S). 11.35 Interval Reading. 11.45 Concert, part 2. 1.00 pm News. 1.05 Violin and Piano recital (S). 1.45 "L'Incontro Improvviso": Opera by Haydn, Act 1 (S). 3.00 Interval Reading. 3.10 "L'Incontro Improvviso," Act 2. 4.15 Interval Reading. 4.20 "L'Incontro Improvviso," Act 3. 4.55 News. 5.00 Mainly For Pleasure (S) (‡ and mono only from 6.20). 7.00 Vivaldi's Beatus Vir (S). 7.30 As Radio 4 UK. 9.40 Ladyhouse Blues (play by Kevin O'Morrison) (S). 10.40 Building a Library (S). 11.00 News. 11.05-11.15 Unfamiliar Stravinsky (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day 7.00, 8.00 Today's News: 7.30, 8.30 News Headlines: 7.45 Thought for the Day. 8.45 The Wheels of Chance. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 Enterprise. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 File on 4. 11.50 Askey's Hall of Fame (Max Miller). 12.00 News. 12.02 pm You and Yours. 12.27 Top of the Form. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.15 A Small Country Living. 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 T-Mic Jam Show. 7.00 News. 7.05 The Archers. 7.20 Time For Verse. 7.30 Simon Rattle Conducts, part 1 (S). 8.35 A Talent to Amuse: J. W. Lambert with the BBC Sound Archives. 8.55 Concert, part 2 (S). 9.40 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Fond and Familiar (Music with Laurie Macmillan). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

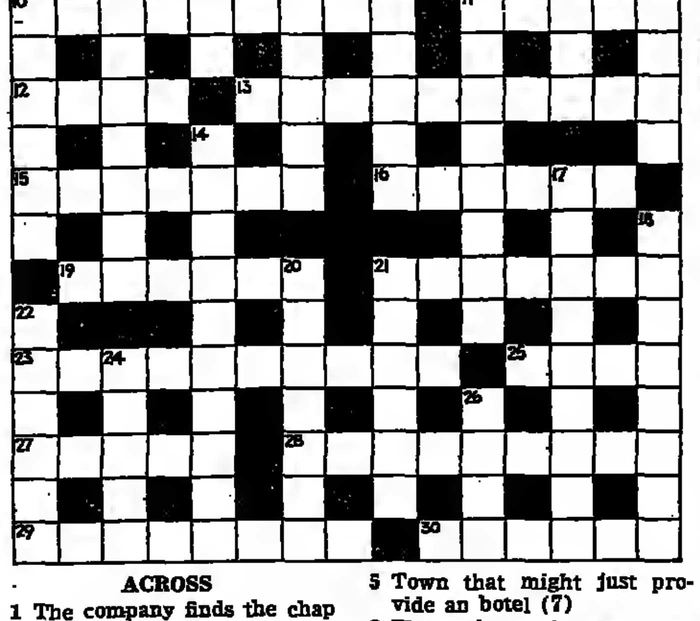
London Broadcasting

5.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Mike Allen (S). 12.00 Graham Dene (S). 1.00 pm London Today (S). 1.10 Graham Dene continued. 3.00 Roger Scott (S). 7.00 London Tonight with Sarah Ward (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Richard Allinson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,377



ACROSS

1 The company finds the chap convincing (6)
4 Professional treatment always on band (8)
10 Ancient official gets staff before a month (9)
11 Exclude the second rate in expensive surronndings (5)
12 Politically abandoned? (4)
13 The minister does not sound like a big ahot (5, 5)
15 Scottish gear gets an acid reply (7)
16 Compete directions to dress (6)
19 Sam io comperatively, though ungrammatically, fit (6)
21 Uncommon fragment can be savoury (7)
23 Pastime suitable for under-cover agent (6, 4)
25 "Without the need of some melodious ——" (Milton) (4)
27 A record turns to the old philosopher (5)
28 Cornwall provides refuge from feline cbase (9)
29 Responding to sapper on the stage (8)
30 Cbannel through which food reaches us (6)

DOWN

1 At feud with the Montagues (8)
2 Feal cargo shifts in a wind of this magnitude (4, 5)
3 Sigo up the captain of the Nautilus (4)
5 Town that might just provide an botel (7)
6 They show the way we choose to go (10)
7 "Being ——, squat, and packed with guile" (Brooke) (5)
8 Mistake worker for knight (6)
9 Characteristics of gunner among birds (6)
14 Poor prospects for inefficient watchman (3, 4-3)
17 Murdered—on paper (6, 3)
18 Courses for beginners (8)
20 Government puts Pole on diet (7)
21 Disturbance caused by the remnant with us (6)
22 Baptist in the Plough (6)
24 Her temple was at Ephesus (5)
26 Sounds fit to measure (4)

Solution to Puzzle No. 4,376

ENTERTAINMENT GUIDE

OPERA & BALLET

COVENT GARDEN. 240 1066. S. (Gardencharge CC 836 6903). THE ROYAL OPERA ...

THEATRES

OLD VIC. 929 7616 CC 261 1821 9 Ton't Tomor. Sat. 7.30 PETER O'TOOLE in MACBETH ...

WYNDHAM'S. Air-cond. S. 01-836 3028. CC bkgs. 379 6565. Mon.-Thurs. 8. ...

CINEMAS

CLUBS

ART GALLERIES

THE ARTS

Record review

Three generations of piano-playing

by DOMINIC GILL

Schumann: Humoreske op.20; **Rakhmaninov:** Barcarolle, Humoresque op.10; **Liszt:** Consolation no.3, Mephisto Waltz no.1. Vladimir Horowitz. RCA RL 13433 (£5.49).

Chopin: Piano sonatas nos. 2 and 3. Martha Argerich. DG 2531 289.

Chopin: Piano concerto no. 2 in F minor, Andante spianato and Grande Polonaisa Brillante. Krystian Zimerman, Los Angeles PO/Giulini. DG 2531 126.

Note: Since July this year, Polydor (DG), like CBS, Decca and Phonogram, have discontinued recommending retail prices for both records and cassettes, and so these are no longer given above.

This latest Horowitz disc, like his previous three, contains a *selection of recent performances* recorded live in concert: and once more every groove and bar of it carries a full charge of the familiar electricity, instantly recognisable, impossible to imitate. But that is only a small part of the story. Mucb more remarkable is that nothing about Horowitz pales with the years; on the contrary, be is a greater artist now in his mid-seventies than he evec was. The *technique* haa lost none of its gloss: bnt the performances have deepened; the colours have grown richer, the nuances finer, the aura of the sound still more *compelling*.

If Horowitz had left ns only his recordings up to 1967, he would remain unquestionably one of the musical giants of the century. But these discs of the extraordinary Indian summer of his career broaden the perspective still further — live performances, recorded with (relatively) minimal editing, that capture the spontaneity of the artist in front of his audience, and that *distil* (little fluffs, wrong notes and all) even more than the recordings of his earlier years the essence of the Horowitz magic.

The *first side* is devoted to Schumann's *Humoreske* op. 20: a mesmerising account, *drawn* with the closest focus, every note and gesture microscopically *studied* and aligned — without the slightest trace in any measure of dryness or clinical precision. Snch combining of rigour with spontaneity is to be sure the hallmark, and paradox, of every great puhlic artist. But nowhere is it more evident than in these performances of *his* late maturity. There is a haunted memory of Rakhmaninov's own reading in tha sighing cadences of the op. 10 Barcarolle: hut the glitter, and tha urgency, ia *echt* Horowitz. The Humoresque (no. 5 of the same set) is a dizzying display of melting ferocity: pure paradox. His accouot of Liszt's D flat *Consolotion* is *predictab*ly a tour de force of contabile: and (more specifically (of padalling — e *miracle* of subtle *shading*, ghost resonance, half-pedalling, and of blurring (more paradox) to achieve maximum clarity. His Mephisto Waltz is a mnch-embellisbed version, partly hy Busoni, chiefly by himself: a sizzle of manic wizardry, diamond-cut and silky-soft, shot with explosive thunderbolts — surely the most ravishing, and tecbnically thrilling, performance anywhere on record.

The occasional gem from RCA apart, DG seem rapidly to be establishing a corner for themselves in important new issues. Sevaral years ago they had the foresight to add to their already impressive list tbe name of Martha Argerich—and the steady flow ot fine records she has provided for them since will *certainly have justified* their decision. Argerich is an unpredictable artist (and disappointingly frequent in ber cancellation of live appearances); but at her *best she* must still be considered among the most interesting, and also the most exciting, pianist of ber generation. The first movement of her Cbopin B flat minor sonata is a grand, surging canvas, proud and very stirring; but ber more relaxed *espressivo* —notably in the middle section of the scherzo—is never effortful nor coy, nor ever basty. Her *Funeral March is* darkly melancholy: hut suffused with calm. Her finale is a whirl of midnight, decisively eschewing late-romantic wind, beautifully contained.

Her reading of the B minor sonata is more individual: ldio*syncratic* even, hut never mannered. *I* find it powerfully consistent and convincing: the first allegro buoyant with forward movement, but nonetheless *maestoso* in its impulse; the slow movemant a real *lorgo*, the still beart of the sonata, slow-spun *and* effortlessly unfolding; the finale unstoppable in its impetus, glittering with marvellous fingerwork—a song of triumph, without douht or shadow.

The young Polish pianist Krystian Zimerman, after ooly a very few years in the public eye, continnes to justify the mantle of 'young Lipatti' so onerously *thrust* npon *him*. This is a very distinguished performance of the Chopin F minor concerto—scrupously worked, and delivered with an exqnisite lyrical *lightness* that by no means rules out incisive weight wbere weight is needed. In the finale especially, Guilini doesn't always follow the twists and turna of Zimerman's mercurial line as closely as be might; bnt the accompaniment is reliable, aod *the disparity* never large—as often as not serving to emphasise, rather than obscure, the soloist's magical sense of fantasy. In the version with orchestra of the *Andante spiannto* and Grand Polonaise, Giulini is, rightly, only the discreetest partner, providing no more than a harmonic filling-in, perfectly dispensable. Perhaps Zimerman might include the solo version on his next Chopin *disc?*

The sound quality is of the best DG standard, clean and warm: although the balance—unusually for DG, who almost alone among record companies these days seem to favour a more "natural" weighting—sets the piano for my taste a little too far forward in the onter movements (but not, strangely, in the larghetto).

Teatro Rossini, Pesaro

La gazza ladra

by WILLIAM WEAVER

For the past 15 years the city of Pesaro has been without its opera bouse. In 1966 the historic Teatro Rossini was declared unsafe and had to be closed. For this music-loving city, the decision was a blow; still the restoration has taken almost a decade and a half; but—now that it is *open again*—the new house has proved worth waiting for. The first event in the restored Rossini was s concert, last April, with Luciano Pavarotti (a kind of adopted Pesarese since he has been spending his summer holidays in his villa near the city). Then, in a recent prodnction, the Teatro Rossini finally presented its first opera, a revival of *La gazza ladra*, whieh the composer himself had conducted in the *house in 1818*.

Arriving a bit early for the performance, one had ample opportunity to *inspect* the restoration, whicb bas obviously been carried out with great care and sensitivity. Backstage, all is presumably new, modern, functional (and, in fact, the performance moved smoothly). Out front, the pristine white of the walls, the shining marhle floors serve as prelude to the warm, red, white, and gold interior. The ceiling fresco bas been repainted so tactfully that it looks, to the superficial eye, unchanged (photograpbs in an informative booklet issued for the occasion tell the whole, painstaking story). Tha upper foyer houses, besides the bar, temporary exhibitions in a well-arranged space. Currently there is a show of "20th century painters as Rossinian set-designers," with original sketches by De Chirico, Cagli, Savinio, and others: a small, but cogently-selected review of productions dating from the *Mosè* of 1935 at the Maggio fiorentino to the *Otello* of 1963 st the Rome Opera.

For this production of *Ln gazza ladra*, the designer Giuseppe Crisolini wisely decided to "qnote" the original backdrops of Alessandro Sanquirico, painted for the work's premiere at La Scala in 1817. The backdrops were seen at the rear of the stage, while the opera's action took place on a *slightly* raised platform with a kind of raw-wood pergola, an anonymous space that could serve, in turn, as public square, court room, prison. Crisolini also designed e large erray of costumes, some — the chorus's, in particular — in a buff monochrome, *others* in a *wide range* of delieately subdued colours, picking up the colours of Sanquirico's pictures.

The producer, Sandro Sequi, within this versatile framework, was able to arrange an agile, persuasive staging. Chorus (the excellent British *Choir* Abroad) and supars moved easily, appositely. If some of the singers — notably the young lovers — overacted a bit, this was probably not Sequi's fault. For the most part, this was a performance that was always pleasurable to watch.

Often, it was also pleasurable to bear. Though the local orchestra — with a very low median age — was more or less assembled for the occasion, its players produced *some sweet* souods end responded with enthusiasm to the conducting of the veteran Gianandrea Gavazzeni, wbose affection for the opera and whose understanding of its not-easy score were always evident. *Ln gazza ladra* is a long piece (even longer than usual here, because the new critical editioo was being used, hence: no cuts) but under Gavazzeni'a inspiring leadership, the pace never flagged and was never rushed.

As Ninette, the Jepanese soprano Yoko Hadama seemed uneasy; the voice, small to begin with, tended to fade out or, wbeo forced, to become shrill, sharp. Her acting, an excessive repertory of fluttery gestures and simpers, was too geoeric, too intrusive. Opposite ber, the tenor Bruce Brewer revealed, certainly, an unusually *high* and supple voice; but hia acting, too, was unfocused. He seemed neither the soldier nor the lover the libretto requires, but rather a bumhling youth.

The other roles were generally well-handled. Helga Müller Molirari, by now an experienced and familiar Rossinian, was a lively, affecting Pippo; and Carlo Desideri, a newcomer (at leest to me), displayed a *warm*, *sweet* baritone voice and an appealing stage presence in the role of Ninetta's long-suffering and noble father Fernando. The smaller parts were also well done (worthy of special mention the tenor Bruno Bulgarelli who played hoth the *pedlar Isaaco* and *the humane* gaoler Antonio).

This prodnction of *La gazza ladra* was not only the official re-opening of the opera house, it *was also the inauguration* of the Rossini Opera Festival, an institution, meant to be annual, sponsored hy the city of Pesaro with the colleboration of the prestigiona Fondaziooe Rossini, housed in the local conservatory. This year's festival *focuses* on the "*opera semiseria*," a much-misunderstood genre of which *La gazza ladrn* is an outstanding example. Later, under the direction of the musicologist Bruno Cagli, bead of the Fondazione, the festival will present another semiseria work, *L'inganno felice*. Cagli was also responsible *for* the illnminating programme note in the admirable booklet published for the bappy occasion.

Royal Exchange, Manchester

The Duchess of Malfi

by B. A. YOUNG

This aplendid production of Webster's play under Adrian Noble begins on a note of restraint. Tha Duchess's seduction of Antonio is most politely carried out, and the love-nest she secretly establiabes in the court of ber brother, the Duke, is a model of family conteot. Its only fault is that Antonio, posing as ber busband, is not properly married to ber, and her three children are hastards. (*Two very tiny and delightful* examples are shown to us).

Such a begioning, where all is done in courtly propriety, makes a telling introductioo to the appalling cruelties that follow. The elegant tiled floor of Bob Crowley's design is gooe when we return after the interval, for we are relegaied now to prisons and sick rooms. The *dreadful* excesses suffered by the Ducbess in prison, where her family have put her for the crime of marrying beoeath her station, are gruesomely carried out in the middle of the Exchange'a open stage—the exhibition of Antonlo and bis children dead, the band cut from bis arm, the madmen, brought on in a wheeled cage, finally the execution hy strangling, one man on eacb side of ber pulling at the ropa round ber oeck.

Helen Mirren, a truly excellent Ducbess never loses her dignity in these gbastly moments. When Bosola, disgnised as a grave-maker, reminds ber of the mortification of ber hody, sbe alowly raises har hands before ber face to reassure herself of their nobility, a pralnde to her proud claim "*I am Duchess of Malfi still.*"

Leonard Burt

Helen Mirren and Mike Gwilym

There are borrors atill to come, and Mr. Noble continues with his calculated crescendo to the point wbere the Duke, driven out of his mind hy the outrages be bas contrived until be imagines himself a wolf, kills the Cardinal, his brother, with a bite in the jugular, something Webster never thought of.

With a mostly bare stage, the scenes set only by the splendid costumes, the responsihility for conjuring the atmosphere is put sqarely on to the company, and they respond very well indeed. Julian Curry and Mike Gwilym play the Duchess's two brothers, unashamedly aristocratic in their evil; by contrast, Peter Postlethwaite as Antooio ("wbo never in hia life looked like a gentleman") shows how propriety may lia in simple decency. Boh Hoskins as Bosola is a man more sinned against than sinning, never outwardly vengeful, only anxious for justice as be sees it. The wbole company, in fact, are fine in this outstanding production.

Festival Hall

Mozart

by DAVID MURRAY

The big programme-book for Tuesday's City of London Sinfonia concert under Richard *Hickox*, celebrating the 125th anniversary of the YWCA, found no room to list the players; so I cannot identify tbe eloquent solo trombone, nor the liquid basset borns, nor even the creatlvely alert organist. All these distinguished themselves in Mozart's Requiem. So did the vocal soloists, though Robert Tear's expressively strenuous tenor—he is between Loge performances, after all—*set him rather apart from* his milder colleagues, Sheila Armstrong, Sarah Walker and John Shirley-Quirk.

The performance was overwhelmingly dominated, however, by the London Symphony Chorus. In magnificent form, massively precise, they could swallow the little Sinfonia alive: wherever Mozart uses the device of a walking orchestral bass in even ootes to keep up movement under *sustained* voices, the Sinfonia's 10 lower strings simply vanisbed. That gave an unfamiliar character to many passages. Perbaps also it accounted for Hickox's uncommonly brisk tempi for most of the Andantes, given so light an orchestral pulse; perhaps on the other band he wanted to redress the balance against the old habit of dragging 18th-century Andantes—*in* which case *I must* say that he went severely far in the opposite direction, producing a very cool "Beoedictus" aod a hectlcally fierce "*Confutatis*." Thus *hurried*, the singers could not always sbape their llnes as sensitively as they deserve, though the impact of the dramatic movemenis was lmpressive. Surely the "Rex tremendae" wants a genuioe Grave for its breadth, rather than the *insistent* drive Hickox assigned it?

Io any case he bad strong and often arresting ideas about the Requiem (with many a striking point made by observiog the details of the score very sharply), always consistent and in their own way effective. The suspicion remained that the disproportion between the scale of the orchestra and that of the chorus was an economic decislon, not an aesthetic one. (It may even bave prompted Hickox to use all the suspect trombone obbligati, nowadays *frequently trimmed*.) On its own, the Sinfonia made an excellent impression in the "Haffner" Symphony, K.385, sporting particularly fresh and lively violins—though five or six more of them would have been welcome. They supported Miss *Armstrong* with controlled exuberance in the motet, "Exultate, jubilate"; she seemed to have beeo infected in advance by the *mood* of the Requiem, for the cbaracter of her lovely and scrupulous singiog was all devout, objective sincerity, with little of the uoabashed virtuosity generally associated with the work. As Mozart eveoings go, this ooe was ricb in interesting surprises.

Lyttelton

Watch on the Rhine

Lillian Hellman's play of 1940 opened in this National Theatre revival earlier this month at Edinburgh as part of the Festival when it was fully reviewed by B. A. Yeung (Finaocial Times, September *3). Set* in the *affluent. comfort*able and still neutral world of Washington DC, in the era of American myopia before Pearl Harbor, the piece still pecks quite e heavy punch. It is as if the world of *Soap* had been cressed with that of Jean-Paul Sartre. *In* other words Miss Hellman shows how deep political commitment in tbe form of a fleeing German anti-fasciat, strongly depicted in David Burke's performance, may destroy the world-distancing rituals of metriarchal American *family life*, as presided over by Peggy Ashcroft's crushingly candid widow.

The melodramatic means by which Miss Hellman achieves her ends are highly dubions but somehow the director, Mike Ockrent, makes them work. Contemporary audiences are starved of such devices as the embettled exit through the french windows aod the slow curtain that prolongs the *emotion* for as long as possibla at the eod of an act. Here they are again, apparently none the worse for wear.

Tuesday's audience showed its appreciation by an ovation for the eotire company which includes Susan Engel as *the* Germen's American wife, John Quayle as her Ivy League hrother and Sandor Elès as the double crossiog Romanian count, all of whom give memorable performancea. The ooly thing that seems to be missing *is* auy *reference* to the *fact* that this country was already at war with the Nazis at the time the action occurs.

ANTHONY CURTIS

Bill Evans

Bill Evans, the American planist who has died in New York aged 51, was one of the *most innovatory* and influential musicians in post-war jazz. He was a jazz rarity, a white man wbose *originality* and concept of interpretation were so original that they affected several leading black players who themselves later hecame important figures.

Evans was renowned for his sensitive stylings and deft touch. His epproach was almost rhapsodic, never far from being totally beeutiful. His interpretation of ballads was simply exquisite and his approach to *popular standards* always gripping. Yet there was a latent power in his work, much belied by his hnoched figure which always hovered close over the keyboard.

His career as a leader on records began in 1956. Two years later be was with the group of Miles Davis and was on the trumpeter's historic *Kind of Blue* recording which helped bring modal jazz to public attention. Ha also played public attention.

But Evans's great fame rests ss a leader of successive, highly lyrical trios in which the bassist and drummer were ahle to express themselves as equal contribnting members to performances in which the blending of the thrae instruments was vitally *important*.

In 1963 be recorded the LP *Conrersations with Myself* where be pleyed solo plano with multiple over-duhhings and in 1977 came a follow np, *New Conversations*. Among bis other successful albuma were two bighly regarded ones with singer Tony Bennett.

Evans was alse a talented composer and one of his tunes, "Waltz for Debby" has become a much-played standard. K.H.

Purcell Room

Aaron Copland

by PAUL DRIVER

Aaron Copland's 80th birthday was celebrated on Tuesday night (alightly prematurely—he was horn on November 14) hy the American pianist John Kozar, who apparently haa the composer's own blessing as a performar of bis music. We wera given the chance to follow and assess a developing musical laoguage and pisno idlom: Kozar began with the Passacaglia of 1922, written when Copland was studying with Nadia Boulanger and which, as he pointed out in his commentary, would be recognisable at a far stretch as late Saint-Saena or early Scboenberg, but hardly as early Copland! His encore was another piece of this vintage and the first piano piece Copland produced: a *Scherzo domestique*, "Cat and House"—suitably witty and graphic, bullding to a neat momeot of truth for the mouse whlcb Mr. Kozar hrought off with atealth and finality.

Between these apprentice pieces, three of Copland's mature essays were offered—the Sooata of 1941, the Four Blues completed in 1948 and what is likely to remaio his laat compositioo, *Night Thoughts* of 1972 (*save* for an occasional arrangement be has been silent since then). Mr. Kozar could not unfortunately find room for the Piano Variations of 1930 or the Fantasy of 1957, depriving us of a complete retrospective of Copland's substantial piano *oeuvre*. Nevertheless, the power and oovelty of the style—a lean, virile, often metallic piano writing, becoming ever simpler of means, ever more cogent—were strikingly displayed.

Mr. Kozar is a hard-hitting, energetic player—or at least chooses to be. He did prove himself capable of gentler, beguiling playing in odd moments; and it may be that be does not appreciate his *own* strengths, for in the music that required most atamina and attack—tha Prokofiev-like scherzo of the sonata for instance — he fell decidedly under par, lacking clear dellneation and jumhling phrasing and emphaais (dropping the occasional bar too, but memory slips were more undarstandahle). Yet he was not able to rise to the delicacies of tha Four Blues, and gave his best rather in realizing the transfigured clangorous chording and "simply *sung*" melodies *of Night Thoughts* — which was shown to he a masterly expresaion of an old imagination.

Mr. Kozar occupied the second half of his concert (after the distributioo of brithday cake in the interval) with extravaganzas by *Liszt* (including the rare Concert Paraphrase on *God Sove The Queen*) and by bia American equivalent, Louia Gottschalk (a parsphrase on American national tunes, *L'Union*, and a lovely tribute to Cbopin, echoing the Barcarolle, *Ricordati*, op 26). Kozar has not quite sufficient virutosity to avoid passing nntidiness in music of this sort, but he bas all the audacity needed for it. The programme bad heen compèred by the pianist in a style which can only bave been derived from American television: he read out a letter from a friend and e birthday telegram from (not to) Copland; unveiled a new photograpb of the *composer* (actually won as a prize in an American TV auction); and thanked everyone who could be thanked. But we are in his debt. For all the popularity of hia ballets and pot-boilers, Copland's music has been in many ways neglected, even (especially) in his native land. Any attempt to focua upon his serioua achievement is to be welcomed.

Hammersmith Odeon

Gary Numan

by ANTONY THORNCROFT

The Gary Numan clones, *posturing* around *Hammersmith* this week like so many relief crews for *Startrek*, proved that tbis bultoned-up artist has toucbed a popular nerve. Why so many (and so young) should want to wear plastic boller sults remains a myslery, but no more a mystery than the appeal of Numan's synthetic — for synthesiser — music, especially when the man himself is so much a David Bowle clone.

The *first* balf hour of bis act was fine. As the dry lce vapourised the group was revealed very much al the controls, keyboard players locked away in side booths which flashed kaleidoscopic lighls; drummer poised hlgb above, flanked by bass and guitar, aod Numan himself, avoidiog playing an instrumenl, apart from a few seconds near the end, roaming the stage, very much the Captain Kirk *of* tbe *ship*.

He bas the grace to send himself up, maintaining the ice cold look to go with his controlled personality for much of tbe time but grinning aheepishly occasionally to show that be is as amazed as anyone at the appeal of music wbich makes its *impact* by *its* very monotony. It is so blatantly faceless, macblne controlled sounds for a machine-controlled age. The point may be true but why should so maoy people enjoy the experlence?

Numan went remorselessly througb his *repertoire—songs* like "Metal" and "Complex" and "Engineers" and "Cars" —drivlng home the inbumanlty of it all. The lyrics, wbich have some appeal, were too oflen lost, but tbe message got across. There were the costume changes, from black to white to red; there were machines moving silently across the stage like humanised black boxes; there was lots of dry lce. The political, or econo*mic*, or philosophical, point was inescapabla; the pity was tbat the music was so necessarily horing, rigidly controlled within the same tempo and melodic *range*. Numan seema frozen inside the image he has created, yet there are signa that he haa a talent, and a sense of humour, whicb ona day soon will want to hreak free. Given the commitment of his fans he will find it bard.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● METALWORKING

Advanced rail wheel production unit

THE ONLY works in the country making railway wheels—part of the Sheffield based BSC holdings group—has now been equipped with full automated handling gear to create one of the most advanced railway wheel production units in the world.

Six machines in operation at Trafford Park, Manchester, have been jointly developed by BSC and a Yorkshire machine tool maoufacturer, to produce the wheels which are used by London Underground, British Rail, UK wagon builders, and for export all over the world.

Four similar vertical turning machines are being installed in the Corporatinn's machine shops at Fullerton, Rotherham, for the production of precision rings used in the aerospace and bearing industries and for a variety of other applications, inclnding pipe flanges for the oil and gas industries.

More accurate, faster, and more flexible than existing equipment, the new machines are computer controlled. Two independent turrets are mounted at 90 degrees to each other which permit the cutting tools to function simultaneously on small diameter work as well as on maximum diameter components. This facility is unique to these machines, says BSC, Forges, Foundries and Engineering, PO Box 99, Brightside Lane, Sheffield (0742 449071).

Wheels are fed into the new complex at Trafford Park from special cartridges. Conveyors take the wheel to the first stage unit for machining on one side. When this is completed, the conveyors retrieve the wheel, turn it over and feed it to the second stage unit for machining on the other side.

When this is completed, the conveyors pick up the wheel and feed it into the inspection device and, after scrutiny, into a fork lift truck cartridge for removal.

The unit bas a range of built-in safety features including sensor devices on the machine tables which balt the process if the wbeel is not properly located.

● EXHIBITIONS

Computers on show

WHAT DISTINGUISHES the "Which Computer? Show" from others of its kind is the amazing variety of exhibitors who will be showing their wares.

The list includes the very big hardware suppliers, such as IBM aod ICL, the very small hardware suppliers such as Commodore Business Machines and Microserse Computers, but also software specialist and computer bureaux.

The show is being held in the National Exhibition Centre, Birmiogham, from November 25 to 28.

Richard Hease, publisher nf *Which Computer?* a magazine which aims to make clear the options available to the computer buyer, said in London last week that there would be a seven-fold increase io the number of computer based businesses systems over the next five years. The value of the installed hardware would increase six fold.

There was still a desperate shortage of people traioed to operate computers and it was a scandal that better training was not available. "Employers do not bave confidence in the computer training provided lo our schools and universities," he said. Details of the show on 021 454 4124.

● COMPUTERS

Three moves to aid Japanese against IBM

THE JAPANESE now look set to make inroads into what bas been considered almost exclusively an American preserve—the big computer market.

Large computers built by Hitachi, the biggest Japanese general electrical machinery maker, are to be marketed in the West by three multinationals—and it seems they will all be selling the same machine.

This week in Paris, National Advanced Systems (NAS), a subsidiary of National Semiconductor, announced it *will* market in Europe Hitachi's newest and biggest processor, which it is calling the AS/9000.

Today, Olivetti, one of the world's major suppliers of office equipment, is announcing that it will market a similarly large Hitachi machine called the OH5560.

And earlier in the year BASF, the German-based chemicals company announced it too would be selling very large Hitachi computers.

All three machines would seem to be the same, hasically a massive upgrade of a Hitachi computer called the M200H.

NAS is the company National Semiconductor establisbed to take over the computer operations nf Itel, the controversial leasing group which crashed earlier in the year. Itel was already marketing large Hitachi systems, but the move to Japanese computers is new to both Olivetti and BASF.

Their argument for using Japanese machinery is that they enable the companies to tackle IBM, the undisputed major force in the computer industry, head on. Last year, for example, in Europe IBM ootched up reveoues of $8.837m compared with $1,092m for International Computer's, Britain's and Europe's only home-owned mainframe constructor.

The Hitachi machine is IBM compatible. That means the software, the lists of instructions whicb control the operation of the machine and in which all users have a massive investment, will run oo the Japanese machines as easily as on IBM's own bardware.

Where Hitachi would hope to score over IBM is in technology and price.

According to John Curran, marketing director for NAS Europe, the new machine will cost £2.40m. An IBM large machine giving equivalent perfnrmance (the IBM 3033 multi processor, largest machine in the IBM commercial range) costs £3.70m.

Mr. Curran estimated that the market fnr machines nf the size of the AS/9000 io Europe could be about 150-200 in tbe next two years. John Clements, head of NAS (UK) expects that the first British AS/9000 will be installed before Christmas.

But it seems that the kudos for installing the first large new Hitachi machine outside Japan falls to Olivetti whicb has installed an OH5560 at Piedmont in Italy for local authority data processing.

The new Hitachi compnter is probably the most powerful of its kind on the market. It used large scale integration in its electronic circuitry, to an extent not so far seen in comparable machines. Mr. Curran said that Hitachi used chips with 550 gates and a switching time of 700 picoseconds. By comparison be claimed IBM nsed chips with 12-15 gates and Amdahl, doyen nf the plug compatible manufacturers, 90-100 gates on eacb chip.

All are agreed that the new machine will set new standards of reliability.

Brian Burcb, in charge of systems support in Europe for NAS said: "These machines take nine months to build and most nf that is testing and ageing. By the time you get your machioe it is almost secood haod!"

The expected failure rate is no greater than two components a year.

Bnt if the machine will be almost identical frnm all three suppliers, the marketing approach will be quite different.

National Semi-conductor is selling Japanese hardware because it took a policy decision to get into the computer market place, and the Itel takeover gave it the means.

Dr. Robert Heikes, vice-president international for National Semicondnctor said in Paris: "The successful silicon house of the future will be a chips-to-mainframe manufacturer. We have the silicon technology and in acquiring Itel's computer assets we gained a field sales and maintenance nrganisation."

National Semi-condnctor already makes its own mid-range computers and it is already at work on a machine which will be bigger thao the new Hitachi. It is expected that that computer will be announced in two years time. The agreement with Hitachi is for ten years.

NAS, through the Itel connection, has already 170 computers installed in Europe and some 450 world wide, which it claims is more than any other IBM compatible manufacturer. Figures for 1979 for Amdahl, the company whicb led the way in IBM compatibility, would suggest it is right. Amdahl bad 45 systems installed in Europe and 290 world wide.

Olivetti is taking a diametrically opposed position. It is in the computer business, not the silicon industry, and it is taking the Japanese processors to be able to compete with IBM across the board.

Mr. Vittorio Levi, Olivetti's president, has said the company expects to instal 30 of the big Hitachis in the next two years.

BASF has considerable computer experience through manufacturing the magnetic media used for computer memories but has little experience of computer sales. Nick Hollis, the head of BASF's computer operation in the UK, bas said: "Our present sales force should be able to sell central processor units—they are just another product nnly bigger and more expensive."

But even if the new Hitachi machine, processing some 10 million instructions every second, is the fastest commercial machine available, such is the pace of Japanese technology that it is already old hat. Nippon Electric last week announced a 15 million instruction machine to reach the market in 1981. Our Japan correspondent, Richard Hanson, reports the annonncement made the bottom of page eight in Tokyo's major newspaper.

● SAFETY & SECURITY

Keeps eagle eye on plant and buildings

MOST OF the sensors and actuators involved in the safety and security of big buildings can be mnnitored and controlled by Multiplex 2100, a computer-based system just launched by Simplex Detection and Controls Division, Holdsworth, Halifax, West Ynrkshire HX2 9TN (0422 247500).

This flexible, easily expandable system can deal with the monitoring and control of fire detectioo installations, sprinkler supervision, building security, equipment monitoring and control, security patrol check-in, control nf ventilation systems, return nf lifts to specific floors, operatioo of evacuation systems, and automatic door closing in the event nf a fire outbreak.

Two-way communicatioo by means of multiplexed signals is continuously maintained betweeo the central processing unit and remotely controlled transponders which are linked to monitoring and control points either directly or via field subpanels.

The well-styled central console unit contains processor, display screen, keyboard and a printer which will produce a status summary on request. It will supervise up to 64 monitor points and 48 control points on a single pair wire connection. Furthermore up to eight of these multiplexed circuits can be connected to the central unit, raising the total to 512 monitor and 384 cootrol points. bTe status of the various points can be seen at any time on the screen and mannal cootrol can be exercised from the keyboard if necessary.

Fire alarm points are given the highest priority by the machine followed by building security and nther designated types of alarm.

The processor can in addition store up to 1600 time control instructions each of which can be used to operate transponder-connected devices by time of day and day of week. Holiday schedules can be programmed and the operator can edit, delete or display time control instructions as required. The system has battery standby. Remote VDU, printer and pbone line facilities can be provided.

Lessens risk of fire in thatched roofs

TO OWNERS of houses with thatched roofs, St. Regis Coating and Laminating British Sisalkraft is offering a specially made fire retardant foil laminate which prevents ingress of dust and also provides thermal insulation.

The material which bas to be made specially for each job, is sufficieotly weatherproof for work inside a bouse to contioue if the weather does not allow tbe thatchers to get on with their part of the job.

Made up from two layers of foil, polythene and kraft bonded with flame retardant adhesive and reinforced wtib glass-fibre, tbe material is tacked on to the rafters with hattens nailed over it to hold it in place. The roof is then ready for thatching.

It is stated that use of the material has eoabled thatched bouse owners to get their insurance premiums reduced and that in some cases plaoning permission for thatched buildings or extensions wbich had previously been refosed because of fire risks have been granted.

One company which uses the material exclusively is the Thatching Advisory Service, Finchampstead, Wokingham. St. Regis is at Knight Road, Strood, Kent ME2 2AW (0634 77777).

● TRANSPORT

Micro sets road speed

INTEL CORPORATION reports from Santa Clara, California, that its 8048 single chip microcomputer is now being used by Bendix Corporation in a new design of cruise control aimed mainly at long distance lorry operators.

The Bendix Cruise Control adjusts vehicle and engine speed to constant values set by the driver while cruising and idling. It is claimed that such systems reduce driver fatigue, cases of speeding and frequently fuel consumption as well.

This electropneumatic system takes electrical inputs from transmission and engine speed sensors and via the micro regulates an air-operated cylinder which controls the throttle setting. One control operated by the driver is used to increase or decrease the speed, cruising or idling.

Intel is at 2625 Walsb Avenue, Santa Clara, CA 95051, U.S.

● WOODWORKING

Installation of doors speeded

BUILDERS of timber frame houses are being offered a door installation system that is claimed to save bours of work.

It bas been devised by Gliksten Doors following a study of current Canadian building practice. Tbe company says that during trials carpenters were able to fit and bang a complete ready-primed doorset of fixed-stop jambs, pre-mitred architraves and a door in 15 minutes. Even in timber frame construction, using traditional joinery methods, says Gliksten, this operation could take anything up to three bours.

Suitable for dry finish wall widths of 57, 90 and 115mm, the door kit is offered in conjunction with all Gliksten internal flush doors in metric and imperial sizes.

Gliksten is a member of the International Timber group, PO Box 118 Carpenters Road, London E15 2DY (01-985 3300) and it says it will supply the door sets with their Pooderosa pine frames primed or fully finished to match their accompanying doors.

● PROCESSING

Cuts it all to ribbons

LARGE quantities of unwanted paper, confidential documents and continuous stationery can be shredded finely by a Dutch machine which will handle up to two tons an hour.

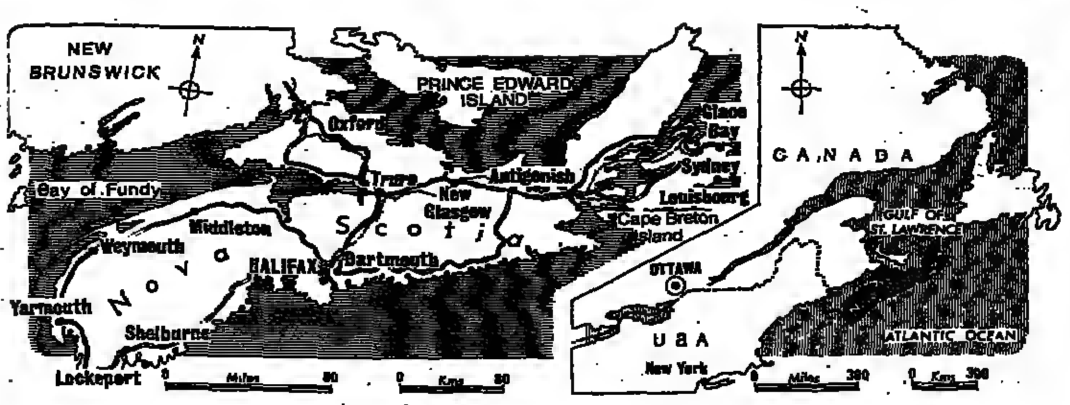
The machine, made by B. V. Machinefabriek BOA of Enschede has two sets of cutting blades to enable all material to be double-shredded. Two models are available—one for direct discharge on to a conveyor or air transport system and the other for discharge into a built-in compactor which presses the shredded material into polythene bags.

In the U.K. full details of the machine can be obtained from BOA Machinery, Middlefields Industrial Estate, Sooth Shields, Tyne & Wear (0632 551111).

FINANCIAL TIMES SURVEY

Thursday, September 18 1980

Nova Scotia



Recent discoveries of offshore oil and gas could change the fortunes of this Canadian province, where unemployment is higher than the national average and incomes lower. But a dispute with Ottawa about the overall say on offshore resources has to be resolved. The fishing industry is expanding its exports, and Nova Scotia's colonial past is helping to draw tourists.

On the brink of a revival

By Paul Betts

THE FIRST European visitors mistook what is now called Nova Scotia for Brazil, for the land of the Great Kahn or for the fabled Island of the Seven Cities. Then the French came and called the land Acadia. But the British, soon after, drove out the French, or at least most of them, and appropriately called it Nova Scotia since undoubtedly the Scots have made the biggest impact on this eastern Atlantic peninsular roughly the same size as Scotland.

Until it became one of the four original members of the Canadian confederation 113 years ago, it was a favourite place of exile. At the time of the American revolution, the United Empire Loyalists sought shelter and settled in the area. It attracted large numbers of black slaves who fled from the plantations to make a home run to Nova Scotia, which became the terminus of an underground railway to freedom.

Not that the British always treated them well. Lord Cornwallis used them to build bis fortress at Halifax. When it was completed, be let them settle on a windswept piece of rock boping they would not survive the bitter winter. But they did survive and today the province bas one of the oldest black communities in Canada.

In the 19th century, this land of "fish and trees" thrived. It was the rich end of Canada as its logging and shipbuilding became the source of great wealth. Between 1830 and 1880 it turned out more than 5,000 ships and its people were described as "men of iron in ships of wood." Immigrants from all parts of the old world came to this land of opportunity. When the coal mines opened, they came from traditional European mining centres in France and Germany and the Ukraine.

But when sail gave way to steam, the province's position as a major shipping centre was quickly eroded. Its economic strength declined as the new Canadian nation's ecooomic pole shifted to the centre and later to the west. And apart from brief revivals during the last two world wars, because of the province's strategic geographical position, it has steadily fallen, like the rest of Atlantic Canada, behind the nation as a whole.

Of all the Atlantic provinces, including Newfoundland and Labrador, Prince Edward Island and New Brunswick, it is still the best off. But against the oational average, it remains a poor cousin of the confederation. It has a populatioo of 847,000 people, or 3.6 per ceot of the entire Canadian population. Its gross domestic output last year of C$5.8bn (£2.05bn) accounted for 3.6 per cent of the Canadian total. Personal incomes are 80 per cent of the national average aod unemployment at 9.3 per cent is bigber tban the Canadian average of 7.8 per ceot.

Fragmented

But this is only part of the picture. The province is deeply fragmented into separate areas; some richer, like Halifax, the capital or "metro area"; others poorer like the region round Yarmouth in the south where the provioce's 4 per cent French-speaking population are cooceotrated, or New Glaagow on the west, a colourless old industrial centre, or, in particular, the strikingly beautiful island of Cape Bretoo linked to the mainland by a motorway.

In a sense, Cape Breton is as distant from Nova Scotia as Nova Scotia is from the federal capital of Ottawa. Unemployment is higher here than elsewhere in the province for it has bad to follow the troubled fate of the island's two main industries — coal mining and steel.

In the case of coal mining, the industry was to bave been pbased out only a few years ago wheo deep-mined coal was regarded as no longer economically viable. Now with the energy crisis, mining is to be revived.

As for steel, in recent years it bas looked increasingly feeble and only last month the Sydney steel works announced that it proposed to lay off 900 of its 3,000 workers. Eveo forestry, the island's other staple industry, has been struck down by the devastating spruce budworm disease.

So, in past years, Cape Breton bas had to look towards Halifax for support as Halifax bas had to look for support from Ottawa. In many respects, Nova Scotia, like the rest of Atlantic Canada, bas bad to rely beavily on the confederation's so-called policy of equalisation, whereby the richer end of the country assists the poorer parts. Indeed, the outcome of tbe Quebec referendum this year came as an undisguised relief for Nova Scotia. Had it gone "yes," with Quebec opting for sovereignty, the province, like the rest of Atlantic Canada, would have aeen itself isolated with the Atlantic on one side and a cold shoulder on the other.

Although, superficially, little bas changed during the last decade, there is oow what Mr. John Buchanan, the province's Progressive Conservative premier, calls "a growing mood of optimism" in Nova Scotia. And this feeling that tbe province is on the brink of a new revival is essentially based on a the receot discoveries of offshore oil and gas on Scotian Shelf.

Like Scotland, Nova Scotia may too have found its North Sea. Sioce exploratioo first began 20 years ago off the Nova Scotia coast, more than 70 wells have been drilled in the Scotian Sbelf. Of these, five, in the Sable Island area off Cape Breton, bave come up with encouraging results suggestiog a poteotially important oatural gas find.

In turn, this would not only ease the province's heavy dependence on imported and federally-subsidised oil and guarantee it secure future energy supplies, but would clearly act as a platform for major future ecooomic developmeot.

But the discovery of oil and gas is also posing some problems for the province. Above all, Nova Scotia waots to control its offshore resources. It wants oil and gas development to benefit foremost the province, generate local employment and belp create a stable base on which its future economy can grow.

At all costs it wants to avoid a boom and bust situation, by controlling the pace of developmeot to minimise any adverse social and economic impact.

Offshore development could clearly disrupt fisheries, one of the provioce's staple industries which, after being threatened with collapse in the mid-1970s when the Scotian seas were almost literally vacuum cleaned by foreign fishing fleets, is now ahowing signs of strong recovery as the 200-mile limit bas brought the fisb under Canadian conservation rules.

Reluctant

The oew prospect could, as in some cases it has already done, create an artificial boom in house prices. Ultimately, as ooe proviocial planner commeoted: "It could give us a feeling of false prosperity for several years and then leave us where we were or worse off than before."

At the same time, bowever, Nova Scotia is reluctant to enter into a head-on clasb with federal government. So far, Ottawa bas sbown oo willingness to compromise on the province's claims to ownership of offshore mineral resources. While prepared to make some coocessions on control of offshore developmeot, Ottawa has indicated it does not intend to relinquisb its overall right to the final say oo offshore resources.

This controversial and potentially explosive issue is holding up attempts to reform Canada's constitution. But while some Atlantic provinces, especially Newfoundland, have taken a much more intransigent stand, at least on the surface, against the federal government, Nova Scotia bas seemingly sought to play down the dispute.

In a seose, the provincial authorities feel that too intransigent an approacb could in the long run jeopardise its chances of turning offshore development into a major ecooomic stimulant for the province. Indeed, the major oil companies bave already embasised that they do not intend to accelerate the pace of exploration and developmeot until the provincial-federal dispute is settled.

Nonetheless, Nova Scotia is oot relying exclusively on its promising offsbore prospects and federal aid to boost the relatively slow rate of ecooomic growth it has experienced during the last 70 or 80 years, wben, as provincial planners admit, the province bas "somebow muddled through." Thus independently of oil and gas, the province bas drawn up a basic economic strategy aimed at exploiting its existing oatural and buman resources, from its remarkable geographical position to its transport facilities and its potential as a commercial and manufacturing centre in a relatively unioo strife-free climate.

Belief

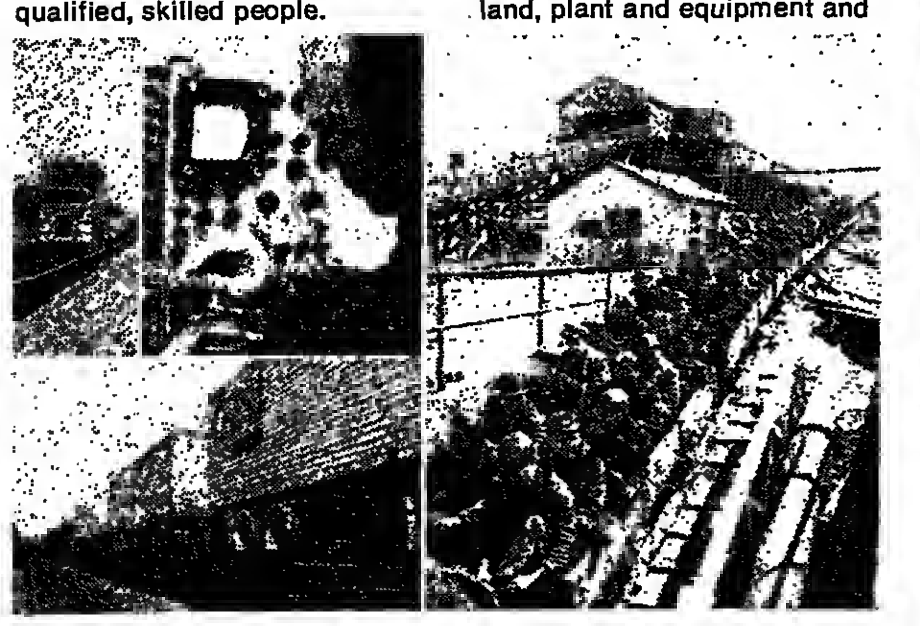
In a Green Paper publisbed at the beginning of this summer, the province's development department concluded that "the post-war history of Nova Scotia maoufacturing can be characterised on the one hand by a 'what we have, we'll bold' philosophy and on the other, by a belief that attracting foreign investment on a large scale would be sufficieot to ensure satisfactory developmeot."

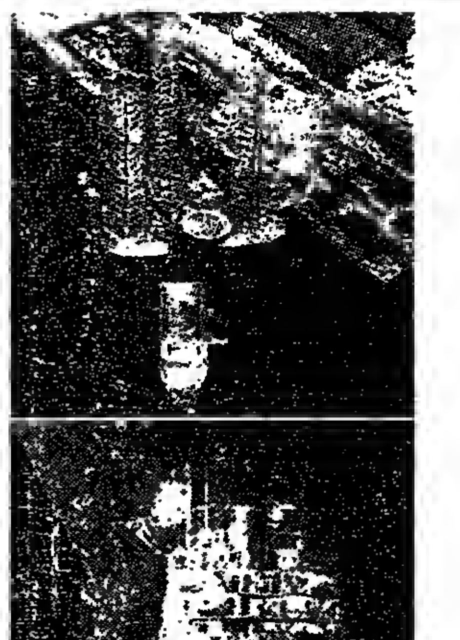
But it claimed that while the province bas perceived the need to move beyood its traditiooal industries, it bad oot moved into better production or marketing techniques. The fisberies offer a good example of these difficulties. Atlantic Canada has ooe of the world's largest fisberies, yet, Nova Scotia's participatioo is modest in the manufacture of deck hardware, propulsioo machinery, fishing gear, processing plant equipmeot aod electronic devices used in oavigation.

So it is in this direction whicb the province hopes to set the basis for stable growth in the future. It sees itself as a logical base for the creation of a new manufacturing frootier in Canada, wbere the biggest abare of secondary manufacturing traditionally bas been concentrated in Quebec and Ontario in the centre. But because of its positioo and its expanding harbour facilities, Nova Scotia regards itself as a natural outlet for export-oriented manufacturing industries.

In a sense, this development, albeit at an early stage, is already being traoslated into the transformatioo of Halifax into both a financial and manufacturing centre for the east Sanadiao provinces. While the word cosmopolitan might be something of an overstatement, the city's Pakistani taxi drivers, the gradual emergence of a black middle class including doctors, lawyers, teachers, the broad mosaic of ethnic cultures and increasing recognitioo of the rights of language and culture of the French-speaking Acadian minority, are all signs of a certain evolution. So are the tower blocks of the major Canadian banks, the modern hotels and the shopping malls.

With oil and gas, all this development could speed up. But at this stage at least, Nova Scotia does not seem inteot to follow the example of Aberdeen. If the price of prosperity from oil aod gas means a severe disruptioo of the local eovironmeot, its culture and its social structure invaded by cowboy boots, Texas accents and big-time speculators, Nova Scotia is likely to turn its back on the eveotual offshore boom. It might mean slowing down the provioce's poteotial ecooomic renaissance. But then Nova Scotians have been used to relatively hard times this century, wben, as one old timer said: "The only thing we had to eat was lobster."





Energy plan aims for near self-sufficiency

THE THREAT of sharply redoced and hugely expensive oil supplies has turned into a nightmare for Nova Scotia. Until the early 1970s, the province lived in the make-believe world of cheap oil. Subseqnently, through Canada's so-called federal policy of equallsation payments whereby the ricber provinces financially belp out their poorer cousins, federal subsidies on oil bave kept energy prices low—by European standards at least—thus fostering Nova Scotia's energy fairy tale.

But all this has changed. Imported oil supplies, currently eccounting for more than 80 per cent of Nova Scotia's overall annual energy needs, are becoming increasingly unstable. The federal government, wrestling with Ottawa's balance of payments problems, has hinted that it plans to phase out gradually compensations on imported oil. And in unchanged circumstances, the combination of these two factors could spell disaster for Nove Scotia.

As a result, the provincial government and the local energy and mining authorities have been forced to revise their tbinking and urgently come np with an energy plan for the province.

Mr. John Buchanan, the province's conservative premier, put it this way: "We must strive to become self-sufficient as far and as rapidly as possible. We must concentrate in developing our resources before time runs out"

Wide rift

Like most of the other Canadian Atlantic provinces, the so-called poor members of the confederation, there is a wide rift between Nova Scotia's current energy situation and that of the rest of Canada. In the country as a whole, oil supplies 44 per cent of the nation's demand witb no imports of foreign crude west of Montreal.

Indeed, central and western Canada rely not only on domestically produced oil but on a broad mix including coal, natural gas and bydro-electric power. In Nova Scotia foreign oil constitutes the dominant source of energy.

But it was not always like this. Ironically, Nova Scotia's main energy supplies before 1950 came from indigenous coal and bydro resources which accounted for as mnch as 70 per cent of the province's needs. However, with the advent of cheap oil in the 1950s and 1960s, it gradually switcbed to foreign crude.

In the process, the coal mines on Cape Breton Island were slowly phased out because coal also was thought to be unable to compete in the longer run with nuclear power.

Under the province's new energy plan, Nova Scotia hopes to rednce in the short term its dependence on oil to about 50 per cent of its total energy demands. To achieve this target, it proposes to rely heavily again on coal and to a lesser degree on hydro power.

But above all the province is keeping its fingers crossed that the promising prospects of offshore oil and gas live np to expectations. Should this be the case, offshore oil and gas production could turn into the single most important economic development for Nova Scotia this century.

The oil industry started looking at the east coast of Canada in 1959. By the mid-1970s, about 28m acres off the Nova Scotia coast were licensed to major oil companies. So far, 71 offshore wells have been drilled by several leading companies, including Shell, Mobil, Chevron, Murphy, Union and Petrocanada. Of the 71 offshore wells, there have been five encouraging shows involving 13 wells.

Of these, the most significant discovery has been Mobil's Venture D-23 well, seven miles east of Sable Island off Cape Breton, which was completed in the late spring of last year. Indeed, Mobil announced last month that exploration off Sabla Island had yielded wbat it termed "encouraging results."

The Venture Well appears to be confirming that the big play in the Scotian Shelf is natural gas, in contrast to tha neighbouring province of Newfoundland where oil could eventually transform the Grand Banks into a new North Sea. In the case of the Venture Well Mobil said gas had flowed at rates of between 10.2m and 22.6m cubic feet a day. Earlier tests have shown the well flowing at a combined rate of 40m cubic feet a day from three zones between 14,000-16,000 feet down.

Commercial exploitation of gas and oil clearly would have a dramatic impact on the province. Not only would it provide independence from insecure foreign supplies, but it would act as a springboard for economic development.

But at this stage at least, the offsbore bonanza still appears distant. While the oil companies are cautioning that considerably more exploration is needed before the commercial valne of the area becomes known, the rate of exploration could be slowed considerably by the current dispute between the Atlantic provinces—which one oil company executive said were becoming the nouveau riche members of Canadian confederation—and the federal government.

The dispute involves ownersbip rights on offsbore resources and is nne of the more controversial issues in the current attempts to revise Canada's constitution. Nova Scotia, while superficially adopting a less intransigent attitude to the federal government than Newfoundland, nonetheless has made it clear that it wants full ownership rights of its offshore resources as well as control in the eventual development of these resources.

The province hae built up a legal case on claims dating back to the 17th century. It has already passed legislation to ensure oil and gas activities will provide the biggest benefits for the province. Mr. Buchanan, the Nova Scotia premier, indicated that the province would be prepared to compromise with the federal government over revenue sharing but not on ownership. And tha federal government bas so far suggested it was willing to go as far as *giving provinces greater control* on the management of the development of the resources but reserved Ottawa the right to have tha final word in any issue.

Complicated

The dispnte is complicated further by the whole question of domestic oil pricing. The threat of gradually losing federal reliefs nn imported oil and the lure of potentially large future revennes from offshore development, has prompted the Atlantic provinces to ask for increases in Canadian wellhead prices to encourage development and eventually swell revennes.

Canadian wellbead prices currently stand et U.S.$16.75 a barrel and are well below the world average price of more than U.S.$30 a barrel. But while indicating that he intends to phase out gradually domestic oil subsidies, Mr. Pierre Trudeau, Canada's Prime Minister, also promised during the nationel election this year to set a U.S.$4 limit on oil prices this year while moderating future increases.

In the political tug of war between Nova Scotia and the federal government, the province is also lobbying to establish an oil supply route between western Canada and Nova Scotia to guarantee future supplies. It wants the trans-Canadian pipeline to extend from Quebec to the provinces and suggests it could eventually be converted into a two-way system bringing oil to Nova Scotia and carrying Nova Scotia gas to the centre.

So far, however, tbere appears to be a slim chance of compromise between the province and the federal government. While the political wrangle continues, tbe oil companies have made it clear they do not intend to make the huge investments necessary to carry out extensive exploration and eventual exploitation.

Mainly for this reason, Nova Scotia is having to consider—in the short-term at least—its coal as its *principal natural resource* to displace oil for electric power generation.

The plan says demand for coal will rise substantially in the next eight years. "Demand for thermal coal alone within Nova Scotia will rise from slightly over 1m tonnes a year in 1979 to about 4m tonnes a year in 1987. The known recoverable coal reserves amount to about 1bn tonnes which will be adequate to support the planned level of production for over 100 years," the plan states.

Nova Scotia's main coal mining area is focused around the city of Sydney on the northarn shore of Cape Breton Island. Tha proposals involva investments of the order of $400m at Cape Breton to more than triple annnal production from 1.45m tonnes this year to 5.2m tonnes of both thermal and metallurgical coal in 1987.

The task is enormous by any standards. In the first place, the coal mines, now controlled by the federal government corporation, Devco (Cepe Breton Development Corporation), were to be pbased out in the 1960s at the time of cheap oil. The mines had been losing money because of low demand and the high sulpbur content of their coal.

Hesitation

But while Devco has had to restore morale, improve operating facilities, and draw up plans to open new mines, tha ambitious $400m mining programme came under increasing pressure as the federal government, short of funds and under pressure for financial support from other provinces, started showing growing signs of hesitation.

The bulk of the Cape Breton resources consists of deep-mined coal stretching out far under the Atlantic seabed, making it substantially more expensive to mine than coal from other provinces.

This explains in part the federal Government's hesitation, for, rather than entering into a row over subsidies with other provinces, it could contemplate offering cheaper surface coal to Nova Scotia from outside.

But perbaps the most ambitious and challenging aspect of Nova Scotia's energy programme is the *experiments* to generate electricity from the Bay of Fundy tides. Although the full significance of tidal power must still await the results of the Annapolis River pilot project, which should be available in 1984, considerable international interest bas already been raised over the potential of this new type of power generation.

Paul Betts

Manufacturing encouraged to expand

OVER THE past six months, Mr. Leslie Richards has been buildiog up a small container repair and manufacturing facility near the site of Halifax's proposed new container port. Mr. Richards, from Liverpool, says be could not believe the potential Nova Scotia offered a businessman for setting up a small to medium-sized manufacturing concern.

"Compared to the UK, there are no labour problems here. Halifax is perhaps one of the world's major seaports, with sn much to offer, and yet with relatively few back-up facilities. And now with the potentially enormous spin-offs from offsbore gas and oil development, this seemed a golden opportunity," he said.

Mr. Richards thus decided to expand his family container repair and manufacturiog business by opening a subsidiary in Nova Scotia. Like him, a growing number of foreign investors are increasingly turning their attention to this Canadian Atlantic province. Nova Scotia was the ricb end of the country in the last century, but during the past 60 years has suffered a steady economic decline as Canada's economic centre of gravity moved westward.

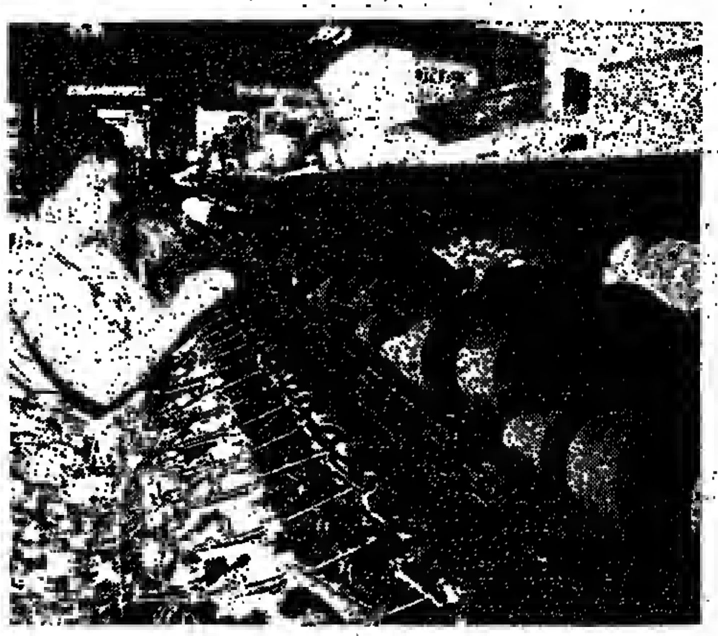
To people like Mr. Richards or Mr. Anton Tokic, who emigrated from Zagreb 13 years ago to set up a profitable machine business in Halifax, Nova Scotia is a new land of opportunity. But there is still a prevailing mood throughout the province that it is still basically a poor member of confederation reliant on upper Canada. Mr. Richards comments: "They often sound like a demoralised iot. Many tend to say if we haven't got it, we can always get it from Montreal, Toronto or Ottawa."

Indeed, provincial planning officials point out that in Nova Scotia, spending by all levels of government is twice the national average. It has been estimated that net federal expenditures, plus transfers to the province and its populetion, bave accounted for about 40 per cent of tbe province's economic growth in recent years. Moreover, the province is relatively small compared to the rest of Canada and as a result is not as rich in natural resources.

From e so-called "have" province, Nova Scotia has become a "have-not" province. And in recent years, the provincial authorities have sought to elaborate a long-term strategy to correct this. They have now decided that the future development and growth of the province must proceed by the creation of a broad, solid base of small to medium-sized manufacturing industriea, evenly distri*buted in the entire province.*

Tbe province, they claim, cannot rely as it has done in the past largely on its natural resources. The soft-wood forests have been over-cut and in some areas are facing an acute threat from spruce budworm infestation. This can transform vast acreages of trees into a ghost-landscape. Equally the region's coal-resources have a high sulphur and ash content and are expensive to mine because they lie largely underwater.

The fisheries are now beginning to sbow significant signs of recovery from the near-collapse of five years ago, although they still face structural readjustment problems. As to the future potential of gas and oil offshore development, Nova Scotia has few illusions that it is on the brink of an oil boom like that in the neighbouring province of Newfoundland.



The manufacturing sector has been growing during the past two decades. Above: carpet making in a Truro factory.

In terms of gross domestic product and employment, manufacturing is especially important for the province, so the emphasis has now shifted to the development of this sector. It is not the first time Nova Scotia bas sought to promote manufacturing. Bnt past ettempts failed, partly because of a failnre to select the sort of development best-suited to the province, partly for historical reasons.

The manufacturing sector has been growing during tha past two decades, with manufacturing activity rising from 11 per cent of the province's real domestic product in 1961 to 15.6 per cent last year. Bnt this expansion has largely resulted from the establishment by large foreign companies of manufacturing subsidiaries in Nova Scotia. Although there are some exceptions to the rule, most of these operations bave relled principally on imported management and technical skills, which have not had sufficient impact on local industry.

Most of these companies chose Nova Scotia for diverse motives peculiar to their own marketing strategies. This appears to be the case for two of the more successful foreign investments in the province—the French Michelin tyre manufacturing operation, and tha Volvo car assembly plant.

Volvo establisbed its assembly plant at Halifax because of the harbeur's *strategic location.* The plant, employing about 200 people, is relatively modest, with the capacity to assemble up to 15,000 cars a year, mainly for the Canadian market.

Part-assembled cars arrive directly from Sweden in roll-on *roll-off containers* at the assembly plant. As a result of favourable fiscal concessions for locally-assembled cars, Volvo has been able to compete effectively on the Canadian market. But e similar venture by Toyota in Cape Breton Island, where Japanese assembly facilities were briefly established, fell through when the Jepanese car manufactnrer altered its strategy towards the Canadian market.

For Michelin, the main incentive for setting up manufacturing activities in the province—its first North American operation stem largely from the province's attractive labour climate. Michelin has two plants in Nova Scotia—one at Granton on the west coast and one at *Bridgewater on the south shore.* The company is in the process of opening a third plant at Waterville in the Annapolis

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Profits and prospects for fishing industry

FISHING HAS recently attained the unaccustomed status of a glamour industry in Canada. It has made overnight millionaires out of some boat owners, changed years of low corporate returns into respectable profits and propelled Canada into the position of the world's leading fish exporter.

A combination of circumstances, involving both the adoption of a 200-mile offshore zone and a decline in fishing activities elsewhere in the world, have contributed to the improvement. These gains were made comparatively easily. Maintaining them and fully profiting from the greatly expanded opportunities many people see ahead will be very much more difficult.

It is a challenge fully enjoined, however, in Nova Scotia, corporate headquarters for much of the Eastern Canadian deepsea fishing fleet and the largest and most diverse centre of Canadian fish processing production.

From a position of being barely kept alive by federal subsidies, the Canadian industry has risen in five or six years to a point where forecasters believe it will soon challenge the export importance of wheat to the national economy.

Total fish landings have increased from just over 1m tonnes in 1975 to 1½m tonnes last year. Sales have shown similar gains, exceeding $1bn for the first time last year. By 1985 they are expected, in U.S. 1979 dollars, to be worth between $1.8bn and $2.6bn and these estimates are now thonght to be rather conservative.

Pursued

Since 1972 Canada has risen from fifth to first place in fish exports, displacing Peru, Norway, Japan and Denmark in the process. It is currently hotly pursued by the United States, whose recently enlarged fishing industry last year came within $100m of Canada's $1.107bn (U.S.) export total.

While the January 1977 declaration of Canada's 200-mile offshore economic zone is largely credited with the industry's resurgence, it probably owes more to the failure of the Peruvian anchovy fishery and the closing of the North Sea and Baltic herring fisheries.

The significance of this, of course, is that while Canada has done very well to date from the changed world fishing situation, its success has been only tentative and it has still fully to realise the benefits of its 200-mile decision.

Domestic fish consumption is rising, hnt Canada's ability to prodnce fish will always far ontstrip the country's needs. Exports traditionally have accounted for more than three-quarters of prodnction, most of it going to the United States. With revived fishing interest there, Canada will need to be far more aggressive in developing alternative markets and in providing a variety of products of consistently high quality.

With the exception of scallops, which are at the low point of their biological abundance, and possibly lobsters, stocks generally are in very good shape, according to Peter John Nicholson, vice-president of the big H. B. Nickerson and Sons group of fish companies.

As well as traditionally-fished species such as cod, haddock, herring and halibut, which have all recovered well from earlier, massive over-exploitation, the East coast has an abundance of under-exploited fish such as grenadine, silver hake, squid and dog fish. Together they are capable of sustaining a larger and more balanced Canadian fishery.

In the near term, he sees at least a one third increase in the available take of East coast ground fish. The 1978 take was 612,000 tonnes, half of which was cod. No significant change in the 313,000 tonnes take of pelagic fish, 75 per cent of which are herring, is expected unless marketing opportunities in Nigeria and elsewhere in Africa are developed for large unexploited mackerel stocks.

The 228,000 tonne shellfish industry, half of which is scallops, is unlikely to show any appreciable increase.

Therefore at least doubling the present catch poses little problem. The real difficulty, Mr. Nicholson says, will be marketing, and maintaining economic viability at times of downturn as well as rising demand.

Fishermen haul in their herring catch off Little Harbour, on the northern coast

The first big test will come with a big anticipated increase in cod landings. Canada will soon have twice as mnch cod available as it now sells. With limits on further U.S. sales, the principal target area is the EEC.

Despite high tariff protection, some inroads are already being made there. Clearwater Lobsters of Halifax, for instance, airfreights about 4m pounds of lobsters there annually and is building a new plant to produce a range of prepared lobster dishes.

Federal policy has been to encourage the growth of the inshore fishery to the exclusion, some big companies believe, of the corporate sector. With an almost insatiable demand for vessels in the 25 to 65 foot class, Nova Scotia yards, building in wood, glass fibre, aluminum and steel, have back orders covering three or four years.

But the development direction may be changing. The Nova Scotia Fishermen's Loan Board recently substantially increased interest charges on small boat loans, ostensibly as a financial measure, but realistically to stem the size of the inshore fleet.

Even so, the offshore industry sees no signs that M. Romeo LeBlanc, the federal Fisheries Minister, will relent in his objection to the greater introdnction of offshore freezer and factory freezer ships on the East coast. Licences for only four have been permitted, of which only one is currently operational.

The offshore industry unquestionably will need such modern ships if it is to effectively exploit the prolific cod stocks north of Newfoundland. An inter-provincial battle for access to this fish is currently under way, which is one reason why Nova Scotia would like to see Ottawa remain the exclusive manager of offshore fish resources. It believes coastal waters, rivers and lakes should be under provincial jurisdiction, but thinks the proposals of other coastal provinces for concurrent fishery management with the federal government is impractical.

Newfoundland is not the only one making claim on the northern cod stock. Several EEC conntries with restricted fishing opportunities would like to increase their access.

A recent rise from 4 or 8 per cent to 15 per cent in the general tariff on Canadian fish imports and proposals to further increase this to 22 per cent on certain, highly-processed items, are seen as part of a European strategy designed to gain greater Canadian fishing concessions. A federal response to this and the introdnction of EEC anti-dumping reference prices for fish, is likely within a few weeks.

The EEC is not the only area of international fisheries friction. The so-called "fish war" between Canada and the U.S. over control of the large George's Bank fishing area, south-west of Nova Scotia, continues unresolved.

Led by Senators Kennedy of Massachusetts and Pell of Rhode Island, the U.S. Congress has blocked ratification of a treaty reached last year between the Canadian and U.S. Governments.

Treaty

U.S. fishing interests object mostly to the 10-year renewal aspect of the treaty which covers mostly groundfish and scallops. They would like to limit the duration to three years and considerably alter the agreement.

The battle, which some people think is not unrelated to the unsettled question of oil and gas exploration on the Bank, is over a scallop industry now worth between $70m and $80m to Nova Scotia and nearly $100m to U.S. Canada recently removed trip limits on scallop landings by its boats and increased the allowable ground fish take in an attempt to pressure ratification. But to no avail.

So far, despite much higher landings, irrevocable damage to the stocks has not occurred. But they will take longer to regenerate than in areas of more responsible quota management.

Turning to the other resource industries, Canada's cheap dollar continues to create peak capacity demand in Nova Scotia's pulp and paper mills. Little if any surplus is available to meet increased British demands following the decision to phase out some local production.

European lumber exports continue to expand and the outlook for the provincial hardboard industry has improved in expectation of greater U.S. housing activity.

The making already exists, however, of a serious future problem, particularly for pulp and paper producers served from woodlands in the northern section of the province. About 35 per cent of the softwood of Cape Breton Island is now dead because of defoliation caused by the spruce budworm and between 7m and 8m cords of wood may ultimately be lost. This represents about a ten-year supply for one of the three Nova Scotia pulp and paper producers, Nova Scotia Forest Industries.

Convert

The Stora Kopparsburg subsidiary is considering converting its pulp prodnction from a sulphite to a sulphate system to allow the use of a greater degree of hardwood.

In the meantime, the province has reversed an anti-spraying decision, nsing a bacterial agent, BT, in a limited programme designed to prevent the southward spread of the infestation.

A $26m federally-assisted programme is also under way to replant devastated areas with a mixture of hardier trees. A major programme has also been launched to reduce mill energy costs by converting wholly or partially to electricity and steam produced from wood waste.

High transport costs have worked to the benefit of the agricultural industry. Agricultural production has been growing faster than the regional economy. Real gains last year were 5.3 per cent, with local prodnction being substituted for imports. Nova Scotia and its Maritime neighbours aim to increase the value of agricultural ontput from $350m to $1bn annually by the year 2000.

Lead, tin, potash, coal, gold and possibly uranium are brightening prospects for Nova Scotia's mining industry. A 50 per cent increase in output at a recently opened Cape Breton lead mine is contemplated and by year end, Shell Resources expects to make a positive decision on developing a significant tin-molybdenum find in south-western Nova Scotia.

Price increases have renewed interest in former gold producing areas in the province and a second U.S. company has joined Chevron Standard in a serious search for potash.

The provincial government would like Ottawa to speed up development of a new $400m coal mine in Cape Breton. Failing that, Mr. John Buchanan, the Premier, says he will relinquish provincial leases now held by Cape Breton Development Corporation and give them to a consortium consisting of Consolidated Coal of Pittsburg, the Alberta Government and Nova Scotia.

Lyndon Watkins

Manufacturing

CONTINUED FROM PREVIOUS PAGE

valley.

Michelin currently employs some 3,800 people in the province, and this is a major promotional boost to help the local authorities in encouraging other foreign investors. But Michelin's expansion has also been aided by some fairly tough anti-union legislation adopted by successive provincial governments. The latest legislation, popularly called "the Michelin Bill" in the province, is likely to enable the French company to avoid unionising its plants in Nova Scotia for many years ahead.

Apart from a number of locally-owned fish-processing and consumer product industries, the other main concentration in the manufacturing sector in past years has been in heavy industries like steel, ship repair and shipbuilding, and the wood-pulp and newsprint industries. The steel industry, concentrated in the now provincially-controlled Sydney steel works in Cape Breton, has been afflicted by mounting debts totalling some $265m. It is largely kept in operation for employment reasons.

The steel plant, which produces railway rails and tie-plates, among other things, recently announced it intended to lay off about 900 of its 3,000 workers. In much the same way as British Steel, an American executive has been parachnted into the comoany in an attempt to resolve its dire structural and financial problams. But Mr. John McCarthy, the Californian executive formerly from the U.S. Kaiser steel group, indicated that the priority for the steel complex was to trim down and restructure operations to reduce in the short term its accumuleted losses.

On the West Coast at Trenton, near New Glasgow, Hawker Siddeley (Canada) maintains steel works manufacturing freight cars. Originally, Hawker Siddeley had a much stronger presence in the province, controlling both the shipyards in Halifax and the Sydney steel works. But it pulled out of both ventures, keeping only the freight-car operation. While profitable, this venture has faced acute competition from prodncers in central Canada. The company has thus had to turn more and more towards exports. Increasingly, it regards its activities in Nova Scotia as export-orientated because of the province's natural shipping outlets to world markets.

In recent years too, various attempts have been made to encourage local manufacturing to guarantee jobs as the large industries have gradually been weighed down by their respective problems and the world recession. These attempts gave relatively modest results since they were essentially state-subsidised support operations, in particular on Cape Breton island.

But the mood in Nova Scotia is becoming more optimistic. Considerable infrastructural developments, including industrial parks, are now expected to provide the basic framework for new manufacturing development. These projects are both federally and provincially funded.

While the Canadian domestic market may still seem distant and better served by the central provinces, Halifax's remarkable port facilities and its geographical situation makes it a promising springboard for export-orientated industries. The Halifax-based provincial economic promotion corporation, Industrial Estates Limited, and the Cape Breton federal development corporation, DEVCO, are pushing for the setting up of joint ventures between local industry and foreign investors.

In particular, they are stressing the need to give priority to growth in medium-sized business development in manufacturing. They claim these industries have shown a superior job-creation performance throughout Canada than larger concerns. Backed up by the necessary educational and training facilities, they see in these industries the basis of the long-term economic development of the province.

Already, economic planners say, the new strategy is beginning to bear fruit. Local companies and foreign investors are putting down roots in the province, which offers by Canadian standards an attractive labour climate and good prodnctivity.

Among the potentially high growth indnstries, the planners point to high technology sectors and ocean marine industries, which will be backed up by a C$35m Government snpport programme. And with the eventual development of eastern Canada's offshore mineral resources, Nova Scotia is in a good position to seize a chance which could restore some of its former economic importance.

Paul Betts

Reconstructed history aids tourism

THE FORTRESS of Louisbourg, the maritime sentinel which 235 years ago became the key military centre of the French in the New World, today stands again in wbat is perbaps the most Scottish part of Nova Scotia.

By any standards it is an impressive sight. It is unique in Canada. And, as an exercise in bistorical reconstruction, it is matched only by colonial Williamsburg in Virginia, U.S., and by the restoration of the historic centre of Warsaw which was *destroyed in the last War.*

Since 1961, more than $25m has been spent to re-create the fortress and 18th century life in Louisbourg on the foggy, windy tip of Cape Breton Island. Reconstruction is expected to be complated by 1983, but already Louisbourg is attracting an estimated 150,000 visitors a year from all over Canada, the U.S. and even Europe and Japan.

From tha beginning, Louisbourg was a comedy of errors. It was built by the French as an invincible fortress and the capital of a transplanted European civilisation—but it was only completed on the eve of its first siege by the Britisb in 1745. Within 46 days of the British assault, the fortress was captured. It was subsequently returned to the Freneb, but in 1758 it was again besieged and captured with the greatest of easa by General Wolfe. Despite its claim to invincibility, it was practically impossible to defend. And barely 45 years after construction started, it was systematically demolished by the Britisb in *1760.*

For two centuries the aite was used as a sandstone quarry. The town of Louisbourg was abandoned and left as a desolate cluster of poor fishermen's cottages. Bnt 20 years ago, the federal Government decided upon the ambitious reconstruction of tbe Frencb citadel on the fortress's original foundations.

Stimulate

The initial reason was not so much bistorical as economic. The reconstruction of Louisbourg was originally an attempt to provide local people with work and stimulate local industry wben the autborities decided to close down Cape Breton's leading employer, the Sydney coal mines.

From an economic point of view, the reconstruction and furnishing of the 50 bnildings and walla which made up the core of the French citadel has been a success. The project has given employment to more than 300 full- and part-time workers a year. It bas also helped the *small town of Louisbourg* develop into a small thriving fishing and tourist community, now linked directly to Sydney Airport by motorway.

But *according to Mr.* Bill O'Shea, head of operations at Louisbourg, the other main reason for tbe French citadel's reconstruction was to provide a cultural institution of national significance in this remote part

The fortress at Louisbourg from the air

nf Nova Scotia. In many respects, Mr. O'Sbea said, the project is an attempt to depart from the usual approach to historical reconstruction.

The fortress bas been meticulously rebuilt as it wonld have been in the eighteenth century. New researcb techniques were developed, wbile original furnishings and artefacts were scouted for in France. Local people — *some* employed full time, others volunteers—appear in period custume to recreate the way of life of the Frencb during the 45 years they controlled Louisbourg.

Indeed, as historical records suggest that life at Lonisbourg was by no means genteel and elegant, the local actors are anything but courteous. There are drunks, scruffy guards, and at the gate visitors are challenged as bluntly as by customs officials at Kennedy Airport in New York. The restaurants, or taverns, provide refreshments cooked to recipes of the time.

Ambitious restoration work, albeit not on tha same scale as at Louisbourg, is also being undertakeo at Halifax. Since 1976, some C$20m bas been spent to restore the British citadel towering above the Nova Scotian capital. Unlike the French fortress, it was never destroyed and was used as a defence installation right up to the 1939-45 war.

Work on the star-shaped citadel, first built in the lata summer of 1749, a few months after Lord Cornwallis and the first British settlers establisbed the original town of Halifax, is expected to be completed by the end of the decade. But already it is one of the main tourist attractions in the city, drawing as many as 300,000 a year. The old harbour wharves of Halifax bave also been rebuilt by private entrepreoeurs grouped in the Halifax bistoric properties company.

These projects form part of a broad plan to encourage tourism in the province, while attempting to preserve the wide cultural and ethnic mosaic wbicb has been a traditional feature of Nova Scotia. Indeed, while the province is predominantly English-speaking, with a hard-core of Scottish and Celtic descendency, the French-speaking Canadlans and tha Micmac indians bave managed to survive against all odds.

The province has much to offer in terms of its spectacular Atlantic coastline and natural resources. It calls itself, at least on the provincial car number plates, "Canada's Atlantic playground." Its hlstory, cbanging scenery and good communications network help explain why tourism in *Nova Scotia has been an* expanding indnstry.

But the bulk of the expansion in the province'a tourist industry took place up to the early 1970s. Since then, growth has fallen off while tourist expenditure bas grown at a real rate of about 2.3 per cent, or well below the economy as a whole. In a recently published Green Paper, the province's economic planning authorities claim that Nova Scotia'a principal market —family holidays by car—is *shrinking. Equally,* the province's short season and consequent high costs limit its capacity to compete effectively.

Yet despite the province's road and local air transport facilities, hotel accommodation is generally poor, especially outside the main urban centres. Indeed, *it takes* only a major convention in Halifax to leave casual visitors stranded without available accommodation. Marketing at provincial level *has also* been feeble and the authorities are the first to admit it.

Vigorous

The local tourist authorities now intend to promote industry more selectively and vigorously on the basis of the province's *strengths.*

"Playing to thesa strengths," the Green Paper says, "would involve further development of scenic resources, more davelopment of *ocean-related activities* like fishing and sailing and additional development of high-qnality cultural events. And we must look to new markets *(European and Japanese,* for example) to generate much of our future growth."

With the decline of car-touring *family* holidays, the tourist authorities are looking towards conventions, bus tours, package tours by air and coastal cruises as an area of further growth.

In this respect, the challenge for Nova Scotia will be its success in accommodating economic necessities and the potentially unsettling effect of eventual offsbore gas and oil development with the culture, history and natural beauty of the province. So far, in the case of the Louisbourg development at *least, it has managed* to do it remarkably well.

Paul Betts

Trading links revive province

NOVA SCOTIA'S economy would be stronger if it wasn't separated from the industrial heartland of Canada by nearly a thousand miles. But the province is now making an economic asset out of wbat was once a distinct geographic disadvantage. By reasserting the trading conditions of its pre-confederation past and combining these with today's improved transport, lt has created not ooly an *important* base for the lnternational movement of goods, but a convinciog argument for the attraction of manufacturing and service industry investment.

Halifax is not ooly the focal point of the Canadian Atlantic regional transport network, it is the most important gateway for the country's bigb value, eastern imports and exports. Recent developments are also increasingly making it an important international transbipment point.

The province's single most important transport asset, of course, is the large, ice-free port of Halifax. Wedged out into the Atlantic, only 50 miles from the great circle shipping route to New York, Halifax is the closest major north American port to Europe and a crossroads for inter-continental cargo movements between Europe and the Far East.

Other ports regularly served by container services from *Halifax* range *from* the southern Mediterranean to Scandinavia, from Jacksonvilla and Jamaica to Los Angeles and Hoog Kong.

These main line shipping services are augmented by a greater number of feeder links to eastern Canadian and U.S. intermediate ports than those operating from New York. It is the sixth busiest container terminal on the continent and likely to become very much more in demand as ever-rising bunker charges force shipping companies to operate to fewer and fewer ports.

Directly and indirectly, the port makes about a $1bn annual contribution to the economy of Nova Scotia.

While transport wasn't the only determining factor, several of the province's largest recent *manufacturing enterprises* moved to the province partly because of it. The single biggest manufacturing employer, Michelin Tires Canada, uses containers both to bring in natural rubber and other raw materials and to export finished tyres to north American and world markets.

Locally induced cargo now accounts for more than 300,000 tons of more than 2m tons shipped in containers through Halifax annually. Ten years ago the local imput was less than 20,000. Commodities contributing to the increase include fish, lumber and minerals, blueberries, apples and other agricultural products and a wide ranee of manufactured items.

Notable among these has hcen beer Moosehead Breweries, which has production plants both in Nova Scotia and New Brunswick, was hedged in its domestic market and anxious to find expansion alternatives. Three years ago it spent what for it was a lot of money launching a new, premium quality Canadian beer in the highly competitive U.S. import market. Under the slogan "The Moose is loose" its aales efforts have exceeded its wildest axpectationa. The maritime made Canadlan beer is now sold from Maine to California, mnch of it shipped from Halifax by sea container.

Exoand

Other locally made products, from nails to fishing nets, move by sea to the Pacific coast and the container link has allowed some of the region's major fish companies to supply satellite processing plants in Australia with raw products from Canada as well as expand sales in Europe and Japan.

Even cnntainers themselves are now being produced in the province, both for conventional cargo needs and to serve the specialist requirements of the offshore oil and gas industry. Other transport equipment manufactured in Nova Scotia ranges *from* rail cars to snphisticated aerospace components.

It has, perhaps, taken Nova Scotians too long to re-establish their international trading credentials. But container technology has provided the impetus they needed. So far no local company is engaged in international shipping, but an increasing number are now becoming lnvolved in roll-on-roll-off and container coastal feeder services.

Managed from Halifax, Newfoundland container line has a twice-weekly service to St. John's and is extending its interests into Labrador. Atlantic Ship Management, another Halifax based company, is re-establishing a ro-ro service between Fall River, Massachnsetts, and Argentina, Newfoundland. And Paturel Freres has just inaugurated a new ro-ro service between Halifax and the French island of St. Pierre Mionelon.

While these and other coastal lines bave encountered tough operating problems, increasing energy coasts and high federal subsidies on alternative intra-regional rail-truck-ferry routes suggest that their ultimate viability is assured.

Fortunes

With other ro-ro and container feeder services, provided by Canadian and international shipping companies, Halifax bas revived some of the spirit on whicb personal fortunes of the past and great corporate lnstitutions of today were based. Samuel Cunard was a Halifax boy. Enos Collins, a 19th century privateer from the province's south shore, amassed the largest personal fortune in British America, sometbing he used to found what is today the Canadian Imperial Bank of Commerce.

The 56-acre, 10-year-old Halterm container terminal is served by six international *shipping* lines: *Dart,* Hapag Lloyd, ACL, Columbus Zim and Trans Freight Lines.

Trans Freight is one of the most recent and among the more interesting because its service represents a novel concept. It combines a Canadian call with what is essentially a southern U.S. transatlantic service. The *geographic peculiarities of the* Great Circle route mean that the incluston of a Halifax call adds virtually nothing to the distance between Trans Freigbt's terminus *ports* of Bristol and Jacksonville, Fla.

However, the half-day diversion to Halifax providea Canadian shippers with direct access *to the sunbelt* states of the southern U.S. and the potential of a short land-bridge route to the West Coast.

While 1980 cargo movements are down, 12 montb movements to August through Halifax were up about 1.5 per cent, something which Halterm's president, Mr. F. H. Howard, considers ls "pretty damned good considering the state of the world economy."

Halterm is expected to manage, at least on an interim basis, a second, one-berth $29m terminal now under construction at Fairview Cove in the upper reaches of Halifax harbour.

Uncertainty over the choice of an operator beld up construction of the facility, wbich is now not expected to be in service until spring 1982.

A firm commitment on the second terminal will allow more aggressive marketing of the port to resume. With about 80 per ceot utilisation of the present facility, it was difficult to persuada new customers to consider Halifax. At least one, Polish Ocean Lines, is in the process of making a decision and others may be expected next year.

Lyndon Watkins

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NOVA SCOTIA V

Marine scientists check on the oil risks

T THE SCOTS, the Norwgians or anyone living a sne's throw from the North Sa, the question may seem only to familiar: How does one cope wh the sudden prospect of bing a major production area fo offshore oil and gas?

t is a question that nnw preoupies politicians, economists an sociologists in Atlantic Cada as Nova Scotia and Nwfoundland heads towards bcoming a major offshore prodction centre.

The dangers of too large and to rapid a transition from nne rgional economic extreme to aother are only too apparent. Gvernments insist they won't aow the disadvantages to nntwigh the benefits. But oil and gs power has already begun harden the gentle edges and art people scrambling to make e most nf windfall opportunies.

Only time will tell whether anada handles these problems etter, or as well as, Norway nr cotland. However, Canada is ortunate in at least one resect: it has a very well adanced nceanographic and arine engineering capability. iven the fact that the area of irect conflict is bound to be e vastly differing needs of the o and fishing industries, this i extremely important.

Seismic survey

While the two developments re not entirely related, Cada has been seriously bilding up its oceanographic epertise for about 20 years, e same time it has taken to from the initial aeismic srvey stage to the thresbold east coast offshore oil and s production.

The Halifax-Dartmouth area Nova Scotia is the focus for uch of the country's marine esearch and development ffort. With the big Bedford nstitute of Oceanography and ther government, university, defence and commercial reearch and production units, the rea has the second largest oncentration nf marine science activity in North America.

More than 2,000 scientists, technicians and support personnel are engaged in projects costing about $35m a year, invnlving everything from the fundamentala of the ocean ecosystem to the siting and construction of offshore oil and gas bardware.

As the natural state of the oceans is subjected to increasing levela of buman intervention, the institute's scientists are taking an inventory of Canada'a offsbore waters, establishing benchmarks by which future impact can be judged. Their interest is not directed solely to wbat may happen as a result of oil and gas developments but also to sucb proposals as tha international dumping of high-level radioactive waste. Canada is opposed to all such dumping.

Much of the institute's work is directed simply to better understanding nf tbe marine ecosystem, the incredibly complex inter-relationship of the biological and pbysical contents of the ocean. This bas practical value as well as intense academic interest. For instance, one of the institute's preoccupations has been wlth the circulation of tbe world's oceans. It was one of the subjects examined wben the Canadian research ship Hudson became the first vessel to circumnavigate the Americas 11 years agn.

The Labrador Sea, one of the principal target areas for east coast oil and gas exploration, is by chance one of the aonrces of cold water circulating around the earth. Rich fisbing grounds exist in areas of the world where these deep ocean cnrrents return to the surface. As such, an oil spill off the Labrador coast, in the area popularly known as Iceberg Alley, could bave global implications.

Scientists are also studying the potential environmental consequences of other changes in the natural movements of waler. The first $10bn tidal power dam across the Bay of Fundy between Nova Scotia and New Brunswick could be ready within a decade and enormous ecological questions are raised by such devalopmants.

While there is considerable sensitivity to the ecological and social problems raised by cnrrent Canadian marine developments, the subject is generally looked on as one of opportunity, rather than impending disaster.

Active teams

Halifax marine researcb and develnpment teams have been very active in meeting some of the industry's practical requirements. The Nova Scotia Researcb Foundation Corporation developed an electrical and gas slip ring used in about balf of the world's deep diving, life support systems. Another of its devices, used for locating submarine pipelines and gathering systems, gives a continuous seismic profile of rocks up to 100 ft beneatb the ocean floor.

The Bedford institute has developed a widely-used water sampler called the Batfish that rides through the ocean like a dolphin, nbtaining informatinn on temperature, salinity, conductivity, light and chlorophyll flunrescence.

Seven years after Dalhousie University at Halifax establishad its centre of oceanograpby, other Nova Scotia universities are increasingly becoming involved both in ocean science and engineering.

A programme of naval arcbitecture and marine engineering bas been instituted at the Technical University of Nova Scotia and proposals are made for an $18m marine applications research centre there.

Its interest is in equipping Canada for such important industrial marine involvements as the proposal to build a fleet of liquefied natural gas carriers to transport LNG out of the Arctic islands the year round, and the likely, future construction of nuclear ice breakers for use there.

The technical university is also interested in another aspect of the marine development equation: maximising the economic benefit of Canadian fishery production. As well as microbiology and marine oils laboratories. it has a complete pilot fish processing plant and large test kitchen on the campus.

A significant commercial marine engineering industry is also actively involved in the development of new products. Thesa range from remnte ocean sensing buoys produced for Nato navies to micro-processor equipment engine monitoring systems and electronic data bighway units.

Tha transition from research and development to commercial production is likely to be speeded up as a result nf federal provincial plans fnr the creation of a $30m ocean industries centre in the Halifax-Dartmouth area. The Government feels the centre will be a catalyst for a very much greater amount nf botb domestic and foreign investment in the field over the next few years.

One predictable development is Nova Scotia'a return to the production of offsbore drilling rigs. Halifax Shipyards, which produced nearly a dozen rigs over about a decade, is expected to become a member of a consortium now being put together by the Nova Scotia Government to re-enter the field.

Halifax Industries' next landmsrk will be tbe building of a large, new dry-dock. Tenders for the $42m project went out last month and the dock is expected to be operational in the fall of 1982. It will have a maximum lifting capacity of 43,200 tons and be capsble of handling ahips of between 100,000 and 115,000 deadweight tons.

With so mnch present and potential marine activity, the real question most businessmen ask in Atlantic Canada today is not bow to cope, but wbat to do first.

Lyndon Watkins

ROFILE:

Mr. John Buchanan

Mr. John Buchanan: facing federal dilemma

NVA SCOTIA's Premier, Mr. Jhn Buchanan, is by inclinatn a strong advocate of provcial rights. By necessity he also a firm federalist.

This amiable, 48-year-old rogressive Conservative typis the dilemma facing all anadians today: can he be bth a "loyal Nova Scotian" nd a "good Canadian?".

Until the country was torn part by constitutional rangles, first over Quebec nd more recently over the ontrol and taxing of energy esources. there was no identity roblem. Wherever they lived, anadians were both provinciasts and citizens of the broader ountry. At home they tended identify more strongly with their local or ethnic origin; abroad they asserted their collective, national personality.

In the deadline for constitutional reform set by Mr. Pierre Trudeau, the Prime Minister, Nova Scotians, and indeed all Canadians, are being asked to end that dichotomy. Like the question of snvereignty association in Quebec, the issue of federal or provincial rights over energy resources ultimately mav he decided hy referendum.

In the protracted negotiations over a new constitutional framework for the country, Mr. Buchanan has concentrated on three priorities. These are: nrovincial control—as opposed to nwnersbip—of offshore oil and gas; a larger say in fishery management; and constitutional guarantees of continued revenue sbaring among tbe economically stronger and weaker regions of the country.

His stand has been very much less strident than some of the other more assertive energy premiers, notably Mr. Peter Lougheed in Alberta and Mr. Brian Peckford in Newfoundland. He has tried to take the middle ground between their insistence that such things as Ottawa'a proposed tax on natural gas exports and its claim to jurisdictional control over all offsbore resources constitutes an infringement of basic provincial rights, and Ottawa's plea that without adequate federal revenue from these sources Canada will effectively cease to exist.

"We are not interested in eroding the powers of the federal government. There must be a strong federal presence and it must have a wide taxing base, including the right to tax the oil industry. As a bottom line. bowever, this province must be able to apply controls over its offshore resources in exactly the same way as it does those on land."

Reject

Mr. Buchanan rejects as "an abomination," a former joint federal-provincial offshore ownership agreement whicb nominally gave 75 per cent of royalties to the Maritime Provinces but which, after the dedncion of federal tax, would have left them with 25 to 30 per cent.

While he is not prepared to settle for anything of the kind now, Mr. Bucbanan says: "Provincial control is what we are looking for, not ownership."

Becanse of its financial dependence on Ottawa, Nova Scotia does not bave much in the way of bargaining power in pursuing its constitutional objectives. There is one area, bowever, where the premier could score points. Astute at sensing changes in grassroot attitudes, Mr. Buchanan feels that sufficient emotion was taken out of the French-English question by the Quebec referendum for him to safely support Mr. Trudeau's desire of enshrining minority language rigbts in the new constitution. Within the province, Mr. Bucbanan aays he intends to introduce legislation shortly protecting the rights of the 8 per cent of people of Acadlan French ancestry to be educated in their own language.

"There has already been some backlash to this from the usual bigots that holler about these things. But I recognise that much more should ba done to encourage and preserve the Acadian culture and language."

The son of a steelworker and trained both as a lawyer and an engineer, Mr. Buchanan won the October, 1978, Nova Scotia election on his reputation as "honest John" and the single issue of electrical power rates. Having doubled since 1975 to an average of 4.29 cents a kilowatt bour, Nova Scotia'a power rates are second only to Prince Edward Islsnd'a as the highest in the country.

The former Liberal government used direct subsidies to cushion the impact of oil-produced price rises. Mr. Buchanan left the price rise hut speeded up a crasb programme to convert the province's generating stations from oil to domestically-produced coal.

Oil reliance bas dropped from 71 per cent to 40 per cent. But the Premier is baving problems selling Ottawa the need to invest beavily in new Nova Scotia coal minea to reduce its subsidy on oil imports. In the meantime be, too, is resorting to user subsidies in the way tbe provincial Power Corporation has been relieved nf responsibility for about $200m of debt.

As the next election almost certainly will he fougbt on exactly the same issue, Mr. Bucbanan bas at least two years to sbow that bis long-term strategy of coal-produced electricity is the right one. Perhaps because of the strange unwillingness of Ottawa to rusb money into the Cape Breton mines, the Premier is already looking for plausible alternatives should the mines seem incapable of meeting provincial demands in the late 1980s.

He says "it wouldn't bother us" to buy nuclear-produced electricity from New Brunswick as "a stop-gap measure." But in doing so be would be bound to come up against vociferous anti-nuclaar opinion.

His first two years in government bave been competent, if undramatic. He has tended to become somewbat more conservative but ideologically he has also been inconsistent. He bas alienated both labour landlords, one for introducing legislation making it difficult for workers at three Michelin tyre planls in the province to organise, the other for limiting rent increases to 4 per cent annually.

But neither of the two opposition parties has challenged him very convincingly.

Lyndon Watkins

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Doubts about monetarism

THE FIRST economic assessment from the Bank of England since the statistical debacle of July and August, in the Quarterly Bulletin published today, is in some ways the oddest and in some ways the most sensible analysis to appear from that quarter. The Bank's self-confidence has naturally been shaken, but it has made an interesting attempt to analyse what has really been going on. Unreconstructed monetarists may well be shocked to discover that the High Priest who administers the rites, at any rate according to the Anglican usage, has developed doubts; but they are honest and intelligent doubts.

The central message is simple: whatever the monetary statistics may say, there is no doubt that the real economy has been under acute financial pressure, and is responding. Inflation is coming down, not only in markets where competitive cost pressures are constraining prices, but, for example, in the house market, which is in no way affected by the exchange rate. The Bank is indeed rather optimistic about inflation. The main pressure has been due to interest rates: it was for fear of this pressure rising to intolerable levels, causing a wave of "wasteful liquidations," that the Bank has offset the pressures caused by efforts to check monetary growth with a series of cash injections into the banking system, which apparently now total more than £2bn.

Pushed to limit

In other words, policy has been pragmatic, and directed to the needs of the real economy rather than to the control of the Sterling M3 statistic — quite the reverse of the caricature of heartless monetarism presented by many of its critics. It is clear that the Bank feels that pressure has already been pushed to its limits, with a sharp recession, which will probably deepen as activity in the outside world tapers off, and a dangerous drop in profitability, which is very much the case made by anti-monetarists.

However, there is an older criticism of the Bank — that of being itself half-hearted in its monetarism — which seems well supported by the new analysis, and especially in the explanation of why monetary growth has been so high.

This growth is attributed partly to corset distortions; but there is not a word to suggest that the "underlying" growth has been even as moderate as the recent vague Treasury estimate of 1 to 2 per cent a month. On the contrary, the Bank points to distortions in the financial markets, which have left industry with little or no alternative but to borrow from the banks or close down.

These "distortions" may, the Bank hopes, be removed in time by the new policy of tapping the personal savings market directly through indexed bonds. This could in due course "reduce the dependence of companies on money-creating sources of finance" and so realise the Bank's persistent dream of controlling the money supply without having to force up interest rates.

New focus

Some of us have been drawing attention to the damage done by excessive gilts funding for a long time; but the implications of the analysis are much wider. The Bank is saying, in effect, that under present methods Sterling M3, the official measure of money, is a misleading statistic, which rises rather than falls when the economy is under extreme pressure. If this is so, the control of this statistic is a dangerously misleading focus for policy.

It is hard to believe that the "virtuous circle" set in motion by a single issue of Granny bonds will suddenly make sense of the system. We may need a new focus for policy—and the Bulletin displays a strong liking for the narrower M1 definition as a measure which is both controllable, and a meaningful reflection of tightness in the system. This would bring British practice more into line with that in many other countries; but the matter can hardly rest there. The British technique of monetary control is also widely different from that in other countries, and after this summer, must also be open to question.

The challenge to Israel

ISRAEL'S ABILITY to survive and then capitalise on external threats to its existence has been the single most important factor determining the course of Middle East politics during the past three decades. The peace treaty with Egypt has further enhanced the confidence of its leaders in its ability both to withstand any renewed threats or action from the more aggressive Arab states and to pursue policies that increasingly irritate its major international supporters.

However, Israel's military superiority in the region has failed to bring with it the national confidence and domestic political assurance that might have been expected.

Inflation rate

At least part of the reason for this can be found in this week's dismal economic statistics which showed inflation running at an annual rate of 134 per cent. The military and economic triumphs of the 1960s gave way during the seventies to slower growth rates and the heavy financial burdens imposed by the 1973 war. An inflation rate of around 10 per cent suddenly spurted during 1974 to more than 30 per cent and really took off in the second half of 1978 breaking through the 100 per cent barrier last year.

For the short-term at least the Likud-led coalition of Prime Minister Menahem Begin has been able to weather the political storm due to an almost universal system of indexing and the failure of the Labour opposition to offer a credible alternative.

Three-figure inflation does not imply the trauma for Israelis that outsiders might expect. Employers adjust wages every three months to compensate for inflation. Savings and welfare payments are similarly indexed. Industry, business, shopkeepers and the self-employed all tend to pitch their prices above the worst estimates for inflation and at worst tend to break even. The efficiency with which the indexing system has worked means that in real terms employees have managed a small improvement in their standard of living.

But such is the current trend that Government economists are forecasting that the whole indexing system could collapse if the value of the shekel depreciated at more than 0.5 per cent a day or around 200 per cent a year.

Despite the bickering, resignations, leaks and public arguments that have characterised Mr. Begin's Cabinet there is apparently some official optimism that the Government will be successful in winning the support of both unions and employers for a "seven-month freeze" on wages, prices and taxes that was mooted recently by the governor of the central bank. The best estimates suggest this package could reduce unemployment, stimulate some growth and bring inflation down to around 80 per cent.

Yet the history of the Begin Government and its loss of popular support as reflected in the public opinion polls does not augur well. No democratically elected government likes to take unpopular economic action within sight of a general election and Mr. Begin's mandate expires in November next year. He is already under fierce attack within the country for his handling of the post peace treaty negotiations and the reaction this has provoked among countries considered to be Israel's friends.

Israel has been able to live with its inflation rate and indexing policies in large part because of substantial U.S. aid and contributions from the Jewish community abroad. Mr. Carter's administration has shown some reluctance this year to increase its financial support for Israel, a tendency that reflects both unease at Mr. Begin's "intransigent" Middle East policies, especially in regard to the occupied territories, and a degree of frustration at the Government's inability to put together a package of measures that might lead to some genuine improvement in the economy.

Challenge

At a time when Israel is losing both an increasing number of its own residents who are choosing to live abroad, especially in the U.S., and is simultaneously failing to attract the same proportion of Jews emerging from Eastern Europe, it is understandable that the Government should shy away from unpopular decisions.

But if Israel is to regain the impetus of the 1950s and 1960s it has to find a way of providing a political force and a common will that is not based just on external threats. While it would be wrong to discount today the external threat to the country, it would be equally mistaken to ignore the challenge that is being posed from within its own legally and internationally recognised borders.

Ian Hargreaves, in New York, talks to the new chairman of General Motors

The world's top car maker picks a dogged optimist

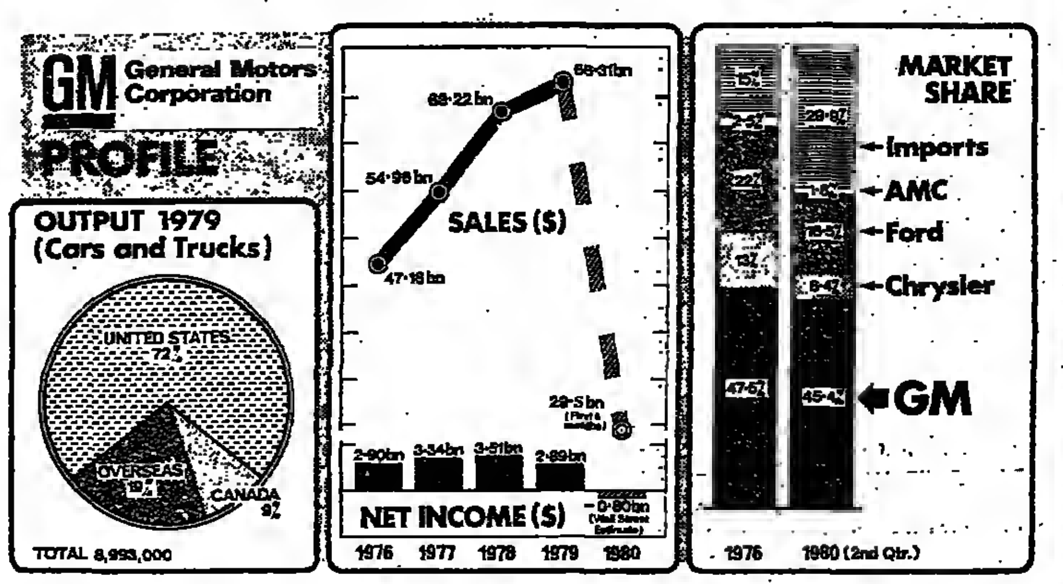
GENERAL MOTORS, the world's largest manufacturing company, whose stamping plants echo from Mexico City to Melbourne and whose $66bn annual sales exceed the national output of Norway, last week picked the man who will lead it through the critical decade of the 1980s.

The announcement that Mr. Roger Smith will in January become the tenth chairman of General Motors was barely noticed by the New York Stock Exchange. Newsmen scrambled in vain for angles and colour on the story and analysts who have followed the company for years responded: "Well, what can we tell you? He was expected to win and be won. You could say he used to have red hair."

One American newsman, not to be diverted from the possibility of a sinister angle so easily, demanded to know why the announcement had been made so long before the old regime retired.

"I think it's just an indication of the smoothness of the transition," replied Mr. Thomas Murphy, the current chairman, with the understatement which has lately become fashionable in American car design. "It's an indication of the stability of the corporation and the fact that we have talent from within."

The actual decision was the product of nine meetings, spread over a year, of a special committee of non-executive GM directors, headed by Mr. Howard Morgens, chairman-emeritus of Procter and Gamble and a GM director for 17 years.




Mr. Roger Smith

A system with many detractors

Those meetings followed the pattern of dozens of other similar meetings constantly under way in the executive offices of GM, with senior executives sifting the records and judging the performance of their juniors as part of an endless, well-oiled wheel of career formation among the white-collar members of the 850,000 strong labour force.

The process is designed to fit the right man to the right job in the same way that GM also takes care of its executives' material needs—Mr. Smith will probably earn $1m next year—while at the same time ensuring that no single individual becomes a pivot essential to the company's efficiency. It goes back to Alfred Sloan, the man who was at or near the top of GM's executive tree for 33 years until he retired in 1956.

It is a system—and a company—with many detractors. Mr. John de Lorean, the bright but ultimately too outspoken individualist who almost became GM president seven years ago and who hopes to build sports cars in Northern Ireland, devoted a whole book to his frustrations about what he saw as funereal, innovation-stifling air of the 14th floor executive suite. Since he left, the suite has moved down to the 13th floor.

But the Sloan system, of two strong central committees to determine operating and financial regimes, tensed against the five manufacturing and sales groupings of Chevrolet, Cadillac, Buick, Oldsmobile and Pontiac, has created a company which came through the Great Depression, the anti-trust campaigns of a string of U.S. Governments and, more recently, the onslaught of Japanese small cars, still indisputably the No. 1 car maker in the world and without, since 1921, red ink on the bottom line at the year's end.

Mr. Smith will, however, have the unhappy distinction, barring fourth quarter miracles, of being the first GM chairman since Pierre Du Pont to announce an annual loss—GM is expected to lose $800m this year.

Indeed, Mr. Smith takes over at a point when GM is spending $8bn a year to rip out old plants and put in new ones in the U.S. to readjust to the world of expensive energy, when it is desperately trying to catch up with Ford in motor production outside North America and when Detroit is more confused than ever about the motoring tastes of the American public. This bewilderment has led to imports capturing 27.6 per cent of the U.S. car market in the first eight months of this year.

The prospect of General Motors crashing into losses almost as heavy as those of Ford and Chrysler has led some to suggest that GM's management ethos may be as urgently in need of re-assessment as Detroit's long love affair with 8-cylinder engines.

The central accusation is that because the company always puts a finance man at the top, it is over-conscious of return per share considerations and general financial prudence in what is bound to be a high risk business. Such thinking, it is said, held GM back from earlier spending on new plant, spending which would have enabled it to combat the imports this year.

A similar point can be made in debating why GM took so much longer than Ford to realise the importance of foreign markets and to develop a comprehensive strategy for taking advantage of them. GM's return on assets last year was 8 per cent, against Ford's 13.6 per cent in Europe, and 1.2 per cent against Ford's 7.5 per cent in Latin America. "Ford," says Wall Street analyst Mr. David Eisenberg of Sanford C. Bernstein, who made these calculations, "is ahead of GM in foreign markets as GM is ahead of Ford in domestic markets."

Given these points, should not the GM board have brought someone to, or at least close to, the company chairmanship with a record in international business or in marketing?

Mr. Smith replies: "But we have all of those things in our team. We have a well-organised series of policy committees that all of us sit in on. . . . I don't think you can say we overlook international business just because it isn't at the top. Also, I don't say that it has to be at the top to get consideration."

Alfred Sloan himself could not have put it better. But Mr. Smith is ready to concede that overseas growth will outstrip growth in the U.S. market and that more management time is now going into the problems of Vauxhall in the UK, building

No longer 'places of banishment'

plants in Spain, Austria and Ireland and trying to get a grip on growing markets in Brazil and Mexico. But in GM terms, the biggest change is that these foreign slots are now seen as an opportunity for rising young executives to prove themselves, rather than as places of banishment.

Mr. Smith himself is the perfect product of the GM system. He has worked for GM for 31 years, starting as an accountancy clerk. Since the age of 24, his only experiences outside the company have been time spent at Detroit University school, where he studied business and engineering, and in the Navy.

Although like all top GM executives a wealthy man Mr. Smith has modest tastes: a summer home on Burt Lake 250 miles north of Detroit, where he fishes and sails, and a rebuilt 1923 Buick, which he tinkers with.

He is in his office by 7.00 am every day, breakfasts with colleagues and is home by 7.00 pm, five days a week, with homework on Saturdays. Home is Bloomfield Hills, a lush Detroit suburb, where Mr. Murphy and other top executives also live.

What does Mr. Smith think of GM's future? "We have unlimited potential for growth," he says, a bland remark but one of some boldness in today's chastened atmosphere in the motor city. He radiates a dogged, if unphilosophical, self-confidence.

He believes that GM now has the trauma of the 1970s fuel crises behind it and that having, since 1975, accelerated all product programmes by a year, it is now comfortably one step ahead of Government requirements on energy efficiency and pollution and moving rapidly into line with the market's requirements, too. Unlike Ford and Chrysler, which were forced to make cuts, GM has spent its way through the crisis with a $40bn five-year programme up to 1984, which is greater than the sum spent on capital projects in the previous 15 years.

"Our game plan is to make sure that Americans can get any size car they want without having a fuel economy penalty. We want to offer a fuel-efficient car in every size range," he says. By 1984, six wholly new product lines later, GM will have reached its goal.

Meanwhile, GM has also been spending heavily to develop light diesel engines, which will probably account for 25 per cent of its sales by 1985, in spite of a rash of technical problems this year. There is also a good chance that Mr. Smith's chairmanship will see volume production of the world's first electric commuter car. Ford is still struggling with a cleverer, but much riskier, high-efficiency petrol engine, the Proco.

Mr. Smith believes that imports will be pushed back this year by Ford's and Chrysler's new offerings and then fall further when GM unveils its second new generation small car, the J body, next spring.

He acknowledges, however, that the Japanese have won some firm customer loyalty with the quality of their products, although he believes strongly that now the home producers are heading for parity in the small car model range, their natural advantages of dealer strength and parts availability will make themselves felt. "Try asking for a Subaru part in Nebraska," he says.

Mr. Smith, in other words, has all the makings of the professional optimist which the leader of GM is required to be. Although he admits that he is "very concerned" about the damage that the recent run-up in U.S. interest rates could do to the nascent economic recovery, he is hopeful that the Government will get a grip on the problem before it is too late.

The turbulence in the bond markets has not, he insists, forced GM to alter its capital raising plans, although he disclosed that the company has recently raised over $300m in Europe, some of it privately, with more on the way.

He is prepared to admit that GM is not making a profit on some of its new small cars, but says that if you can persuade customers to take plenty of optional extras, "there's no reason why you can't make money on small cars."

Wall Street motor analysts, almost to a man, suggest that GM will emerge from the recession stronger than it entered it, holding on to most of the market share it has snatched from Ford and Chrysler in the downturn.

In the first eight months of this year, GM built over 65 per cent of the U.S.-made cars sold in the U.S. market, compared with 60.5 per cent in 1979 and 57.5 per cent in 1978. That astonishing gain is offset, of course, by the impact of imports, which have cut GM's total U.S. market share this year to 44.2 per cent, against 47.7 per cent in 1979.

GM is so obviously stronger than its three U.S. competitors that there is an inclination to forget that it, too, is still unable to build a car for less than 20 per cent of Japanese costs and that the importers' market penetration this year has been achieved in spite of a weak dollar.

It also remains true that the importers could seriously undermine GM's transformed pricing structure, which is designed to narrow the price gap between large and small models, thereby increasing margins on the latter. In GM's recently announced 1.9 per cent average increase for the new model year (to an overall average price of $9,200 per unit), the fast-selling sub-compact Chevette will be 11 per cent dearer and the X-car 9 to 10 per cent more expensive.

The Japanese may, as Mr. Smith clearly hopes, be deterred from any pricing sabotage by fear of the political consequences. But in the longer run a significant cost gap still exists and the Japanese cannot have failed to calculate that GM needs their presence in the U.S. market as a hedge against the possibility that it will face revived monopoly charges if it becomes too strong. If Toyota enters into a team relationship with Ford as is now being considered, the competitive pressures could be even sharper.

The likeliest outcome, however, is that GM will strengthen itself under Mr. Smith in the 1980s, although it must expect to lose some market share to

Why GM needs the Japanese

Ford and Chrysler in the next six months. Import penetration, meanwhile, looks likely to remain high as the foreigners still have the ten most fuel-economical models in the market as the new selling year starts.

The bigger question for Mr. Smith is to marshal GM's immense forces, including its $20bn 10-year overseas expansion programme, to ensure that the company does not, as it threatened to between 1918 and 1920, start to collapse under its own weight. That period prompted the young Alfred Sloan to write: "The company could not continue to grow and survive unless it was better organised."

It is one of the marvels of modern business that, as GM this week celebrates its 72nd birthday, Sloan's organisational structure is still fundamentally intact and showing every sign of enduring through the company's tenth chairmanship.

MEN AND MATTERS

Unchristened

After a protracted and occasionally painful period of labour, the Stock Exchange is on the verge of giving birth to the latest addition to the Throgmorton Street family. It is the new market for companies which either do not qualify or do not want to join the "big board," as the Americans would say.

The difficulties, however, are far from over, and the debate on a name for the newcomer is causing some friction, not to mention embarrassment. The provisional title of Small Companies Market was abandoned when some big companies let it be known they might take a considerable interest, and so for most of the gestation it has been known by the handy title of USM — unlisted securities market.

But how, I hear senior voices asking, can one call it that when dealings will indeed be published on the Exchange's official list? The same voices have let me know that chairman Nicholas Goodison will be happy to hear from serious-minded readers with helpful suggestions.

It seems to me that what is needed is a name which will make it clear that the new market offers riskier investment opportunities than the main one — companies are much more likely to flash across the board, so to speak, and off the other side.

More heat

Using just the sort of initiative and enterprise that Energy Secretary, David Howell, constantly commends, one of the fiercest critics of his policies is back in business.

Pat Coyne was editor of the IPC monthly, Energy Manager, until both he and the magazine were declared redundant after the publishing empire's dispute with its journalists earlier this year.

In a field where its only rival was an infrequent Government paper, the magazine had established a secure reputation. If not circulation, with its radical but practical critique of the policies generated from Millbank.

Coyne, who studied nuclear physics at Sussex University and had worked for IPC for eight years, decided it was worth saving in more senses than one. He went back to his old employers with some of the £11,000 they had paid for his redundancy, two friends as partners, and the blessing of Barclays, to buy the magazine.

The deal has been done. A re-launch is planned next month and Coyne, having hired IPC to get his publication distributed, looks forward impatiently to sailing again into the fray.

Nominative case

The Rothschild family feud this week is not the only wrangle going on over the famous name. Over in Israel, the Rothschild Hospital, in the northern port of Haifa, has been offered a donation of $500,000 from the English branch of the family—provided it calls itself something else in future.

Though the money is desperately needed to complete a new wing, Dr. Dov Golan, the hospital director, has rejected the terms from the Israeli foundation which disburses the Rothschild philanthropy.

The hospital was named in 1942 after the Baroness Ada de Rothschild, of the French branch of the family, who donated the land on which it was built and stipulated that her name should be used in perpetuity.

With no more French funds forthcoming, Dr. Golan hopes the English family will reconsider their conditions. He tells me they suggested the name should be erased because they had no connections with Israeli medical institutions and its continued use might make it harder to attract donations from other benefactors.

Bemused by the fuss, he is now waiting to see what effect his refusal has on the family. Back in London, Mr. Evelyn de Rothschild told me: "I know nothing at all about this . . ." courteously indicating that one cognative controversy at a time was enough.

Invisible men

The announcement of today's meeting between British Steel and the invisible men of the Northern Industrial Group has done nothing, I am afraid, to dispel the fog of scepticism surrounding the prospects for saving the idle Consett steel works.

The Iron and Steel Trades Confederation is cheering itself up with the hope that there may be a "great fight coming" with Government in one corner, BSC in another and the would-be saviours in the third. I was told quite firmly from Number 10 yesterday that Mrs. Thatcher is "very keen" that the plant should be sold to private interests—she could hardly take any other public stance.

But BSC, dour and silent, stands in the way. There can be little doubt now about the goodwill of the men who have clubbed together to reopen the works, but, as one voice from the steel industry told me, "there is more idealism than realism about all this." Little is known of the group, except that the members are all from the north east and that they are profoundly aggrieved at the raw deal they feel their region has had from London. "Consett was the last straw," I was told.

Even their local MP, Alan Watkins, has been left out of the secret of their identity and echoes the feelings of the local community: "I will believe in this consortium when I see the colour of their money."

Priests droll

The rousing and apt choice for the opening anthem at this year's Conservative Party Conference is "Lead us heavenly father . . . o'er the world's tempestuous sea," plucked from Hymns Ancient and Modern by the Vicar of Brighton, Canon John Hestor.

I am assured by those in the know, however, that reports that his first choice was "God forgive us for our foolish ways," are entirely without foundation.

From the other end of the political spectrum, I hear that Monsignor Bruce Kent, general secretary of the Campaign for Nuclear Disarmament, has been having a spot of bother with the Passport Office.

Applying for new travel documents, he listed his occupation as "peace worker." This, I fear, was not good enough for the bureaucrats, who informed him that such a designation was not acceptable because, officially at least, the job did not exist. They settled instead for his accurate though hardly informative alternative of "secretary."

Observer

ECONOMIC VIEWPOINT

Now for the good news

... British habit to play ... news. Perhaps for ... there has been ... conspiracy to under... the dramatic improve... the inflation prospects.

... how many people have ... d that the official forecast ... at the time of the Budget ... oks like being wrong because ... was too pessimistic — the opposite of the usual reason? The fall in the annual inflation rate to 16½ per cent forecast for the final quarter of 1980 has already been bettered with an increase in the Retail Prices Index of 16.3 per cent this August over a year ago.

The monthly rate of increases of the RPI has averaged less than 1 per cent in the past four months; the same applies to wholesale manufactured prices. The cost of materials purchased by Industry has actually fallen slightly. Admittedly these are dangerously short-term comparisons. But even the Bank of England Quarterly Review, whose authors are not exactly enamoured of Government economic policy, stresses that inflation should be on a sharply downward course early next year.

Year to year comparisons have been affected not only by the VAT increases, but by other factors such as higher oil and commodity prices and higher mortgage rates which took effect last winter and spring. When these fall out of the comparison the total effect might be another 4 per cent off the inflation rate.

Reinforcing this trend is the crucial fact that most private sector employers cannot hope to pay wage increases even approaching the retail price increase. In the last round an average earnings increase of ...½ per cent in manufacturing in the year to June 1980 was offset by rises of 26 per cent in public administration and 35 per cent (this is no printing error!) in public utilities.

Although nothing can excuse what occurred, public sector employees' earnings did fall behind private sector ones in the Labour Government's incomes policy period. During the 1979-80 round, public sector relativities were restored; and with Clegg gone, there is not a shred of an excuse for another round of double-figure settlements.

Taking everything together, I would guess that the inflation rate will fall well below the 13½ per cent rate officially forecast for the year to the second quarter of 1981. By the end of 1981 my best guess would be 11 per cent inflation, but with single figures a definite possibility.

In spite of all the bleatings of one or two disloyal Ministers who take cowardly refuge in the anonymity of lobby terms, anti-inflationary policy is so far working much better than most people dared to hope a few months ago.

The best measure to look at is the behaviour of "total spending" (this is measured by the movement of the GNP or GDP at current market prices. The chart in last week's Economic Viewpoint showed that the average annual growth of total spending rose from single percentage figures in the 1960s to a peak of 25 per cent in 1975. By 1977-79 it had stabilised at around 14 to 15 per cent, but it shot up again to 19 per cent in early 1980. By the third quarter of this year it should be down to about 12 per cent.

This improvement has been achieved, in spite of a growth in the money supply of about double the Government target rate, and a truly abysmal public sector borrowing requirement also running at about twice the target for the first half of the present financial year.

There is no real mystery about any of this. A glance at the chart shows that the velocity of circulation is remarkably stable over a long period, but can also show quite large jumps in occasional years. These are especially liable to happen when there has been some shock to the economy.

The actual shock behind the recent slowdown in total spending is, of course, the rise in the real exchange rate and the pressure this has put on profit margins, stockholding, wage bills, and all other forms of expenditure.

Thus, however unintentionally, the appreciation of the pound has come to the rescue of the Government's economic strategy. Without it, inflation would be rampant and sustainable economic recovery much further distant than it is at present.

The real reason for worrying about the money supply is not because of any likely immediate effects, but because it is like a time-bomb, liable to go off with devastating effect a couple of years later. Those who regard a thousand days as a long time lag would be advised to avoid the subject of political economy.

"How about the real economy?" I can hear the hecklers say. Government financial policy cannot determine output, employment or profits—decades of brainwashing to the contrary notwithstanding. All it can try to do is to stabilise total spending, leaving it to employers and workers to decide the trade-off between wages and jobs, and between sales volume and prices. All this was perfectly understood in the 1944 Employment White Paper, since when popular understanding has retrogressed.

As a matter of historical fact, anti-inflationary policy has taken effect in four stages. First, inflation continues to increase and so does unemployment and unused capacity. In the second phase, inflation turns down, but unemployment, layoffs and spare capacity continue to rise. This is where we now are. In the third stage, employment and output start improving, while inflation is still coming down. In the fourth phase, inflation starts to rise again, thus making another set of crisis measures inevitable, and beginning yet another cycle of woe. It is this fourth stage which contains the root of all subsequent trouble. Averting it is the main task of financial policy—even if this means looking ahead to 1982-83 and 1983-84.

HOW SPENDING IS BEING SQUEEZED

Average annual increase %

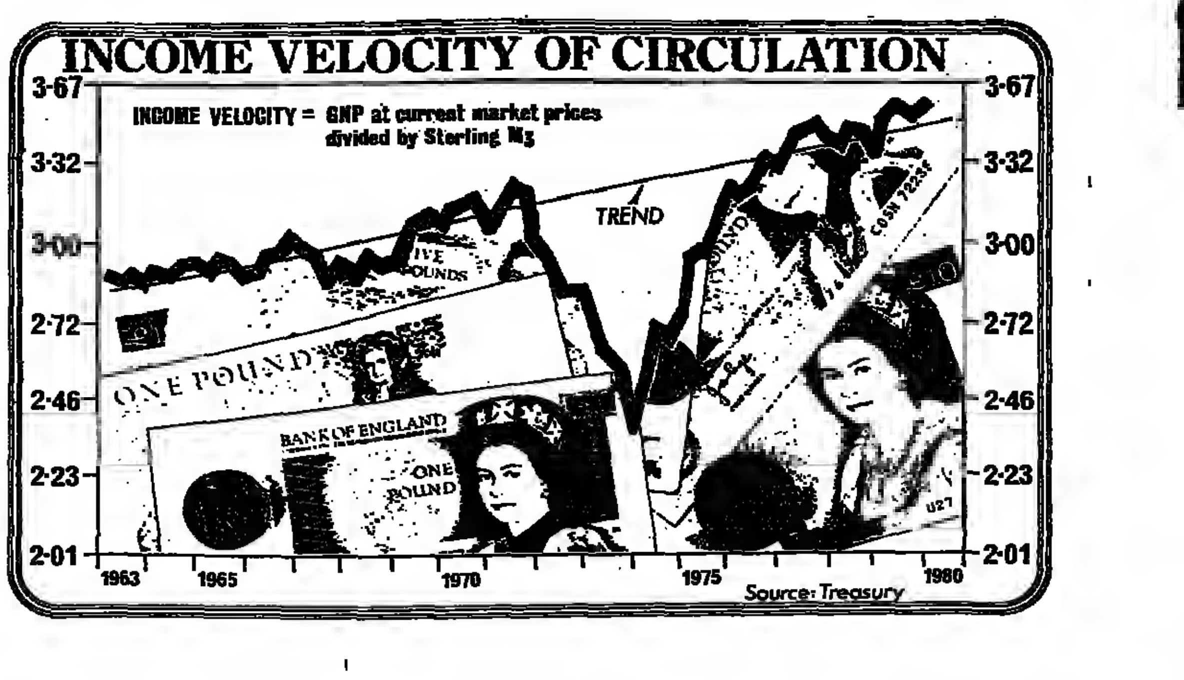
	Rise in GNP at current market prices	Due to rise in money supply (£M3)	Due to change in velocity
1976-79 (average)	14.5	12.0	2.3
1979	14.9	12.8	1.8
1980 (1st quarter)	19.2	12.9	5.6
1980* (3rd quarter)	12	18	—6

* N.B. GNP at current market prices=quantity of many x velocity.

* Best guess

Source: CSO

Prof. Karl Brunner stiffened Mrs. Thatcher's resolve



Say No to the CBI

"Heav'n has no rage . . .
"Nor hell a fury, like a woman scorn'd"

BY ALL reports, Mrs. Thatcher has come back from holiday full of fury about the overshoot in the money supply. The economist whom she met in Switzerland, who stiffened her resolve, was none other than Prof. Karl Brunner, the distinguished Swiss-American monetarist.

There is nothing in today's Bank of England bulletin which ought to change the Prime Minister's mood.

The authors are reduced to emphasising "M1," a measure which excludes deposit accounts —to which, of course, people have been switching as a result of higher interest rates.

Some of us can recall being fobbed off with similar references to M1 during the Heath monetary experience. Another analogy is that the explosion in the money supply in 1971-73, when Sterling M3 grew first by 13 per cent and then by over 25 per cent in two successive years, had no immediate impact on the inflation rate and was explained away technically. The pay-off was in 1974-75, when the inflation rate soared to 24 per cent, far worse than that of most other countries affected by the first oil price explosion.

Such a fate can still be avoided: but another year of soaring monetary growth and the Heath road will be inevitable.

The immediate price for avoiding it is to reject the advice of the CBI lobbyists and their fellow travellers. It does not cost them anything to argue for a 4 per cent reduction in nominal interest rates. Indeed, one marvels at their moderation in stopping at 4 per cent. Why not 10 per cent or 14 per cent?

To reduce interest rates before the right conditions have been fulfilled would be to buy a few weeks of peace at the cost of political and economic suicide a couple of years later.

Unfortunately, I do not see immediate salvation in the monetary base, rightly favoured by Professors Brunner, Friedman and many others. This is a modern version of the old cash ratio control. The idea is that commercial banks maintain balances with the Bank of England amounting to a predictable ratio of their total deposits. The Bank of England can then influence the size of these balances, and thus the money supply, by its own market operations. It then, of course, abandons control over interest rates.

The difficulty is that if the reserve ratio is fixed by decree, banks and other institutions will devise quite legitimate monetary instruments which are outside the official definition of money. This, of course, has happened on an enormous scale in the U.S.

The only way to work the system is to allow the reserve ratio to be determined by the prudential judgment of the banks themselves. This will take a long time to establish; and meanwhile the monetary aggregates will be even less predictable.

None of this justifies the present system by which three top people try to guess the level of Minimum Lending Rate consistent with the monetary targets. The task would exceed the ability of a group of philosopher kings.

Gradualist reform might start with the Bank of England following the signals already thrown up by the markets, such as the movement of inter-bank rate.

But I am utterly convinced that the root of the matter is not technical nor institutional. It lies in observing the maxim known to every first year student, that you cannot control both the money supply and the rate of interest at the same time. If, when faced with interest rates required for monetary control, political leaders run away, that is their responsibility: as is the subsequent inflation and the certainty of still higher interest rates later. It is not the business of central bankers to encourage political cowardice before it has even occurred or to massage downwards the monetary figures, which was the basic of the corset and many similar control devices.

Samuel Brittan

Letters to the Editor

Value of pensions

From Dr. Elizabeth Cottrell

Sir,—I would like to comment on some of the points raised by Eric Short in his article on *Evidence to the Inquiry into the Value of Pensions*, published by the Centre for Policy Studies.

One of our main concerns was to show the sensitivity of the figures to varying rates of return and therefore the importance of using an accurate rate of return in calculating these figures. We proceeded to give detailed evidence concerning historic rates of return.

The 11.7 per cent figure was only an example and was based on two assumptions. One was that there was no "topping-up" element in the analogue schemes. Assuming that analogue schemes are half corrected for the actuarial deficiency would produce Mr. Short's figure of about 7 per cent.

The other assumption was that the notional pension fund would in fact beat inflation by 1 per cent. This was an optimistic assumption as our evidence suggests that over the last ten years the median pension fund has performed at a rate of −4 per cent. Only a quarter of actual pension schemes achieved even −2 per cent.

On the assumption of a −1 per cent return and the assumption that analogue schemes are topped-up to half their deficiency the necessary deduction would in fact be 12 per cent.

Our 11.7 per cent figure would therefore seem to be a modest estimate of the necessary deduction.

Our main conclusion—that the Government Actuary is seriously underestimating the cost of civil service pensions—is therefore unaffected.

Elizabeth Cottrell,
Centre for Policy Studies,
8 Wilfred Street, London, SW1.

Caveat emptor

From Mr. H. H. Mainprice.

Sir,—In Men and Matters (September 12) under the heading "Caveat Emptor," Observer stated that if a purchaser of meat in Liverpool asked for dog meat, and was given a pound of ox-cheek, the purchase would be subject to VAT at the 15 per cent rate, whereas if, in the same shop the purchaser asked just for meat, and was given a pound of ox-cheek, the supply would be zero-rated. While in many ways the law and administration of VAT would have delighted the heart of Lewis Carroll, this particular misconception should not be allowed to pass.

Apparently your columnist acquired his information from the Liverpool Master Butchers' Association. If this is so and the butchers in Liverpool are charging the tax in this way, their customers have every right to be justifiably incensed.

The law states that the supply of food for human consumption and animal feeding stuffs are zero-rated. Excepted from this relief is pet food canned, packaged, or prepared. In their Notice Number 701 the Customs state, correctly in my view, that the zero-rate applies to supply of meat, whether boned or not, and whether or not fit for human consumption, provided it has undergone no further preparation than mincing or dicing. If, therefore, a customer purchases a pound of ox-cheek from a butcher whose principal business is to supply meat for human consumption, the supply will be zero-rated whether or not the customer tells the butcher that the meat is intended for little Fido.

H. H. Mainprice.
Vat Advisory Services,
Crusader House, 14, Pall Mall,
London, SW1.

Little Britain development

From Mr. N. H. Harding

Sir,—Colin Amery's recent article concerning the future of Little Britain, apart from being emotively headlined, is both inaccurate and misleading.

To take the question of the proposed link road first, the road is part of the structure plan for Greater London (GLDP) which was approved by the Secretary of State in 1976.

Properties in the Little Britain area were not purchased by compulsory purchase orders, but were acquired by agreement. True, there are three listed buildings and one locally listed building, but it was felt that the overall benefits of a new road, in terms of helping to remove traffic from the City centre, outweigh the loss of the buildings. Two of these buildings are in a very poor state of repair and the GLC has issued no direction as to their future.

The GLC, as the Strategic Planning Authority for the area, has not commented on the proposed office development and at no time has it pressured the City Corporation into declaring Little Britain a Conservation Area.

As to the outcome of the Public Inquiry, the recommendations from the DOE are:

(i) that no amendment be made to the Corporation's proposal to complete the City's Northern Route.

(ii) that consideration be given to the amendment of the Proposals Map to show the link road through Little Britain on the most northerly alignment compatible with the safety and free flow of traffic upon it.

(iii) that cyclists' needs should be taken into account in the Smithfield Area.

These findings made it quite clear that the DOE supports the proposals outlined in the Smithfield District Plan and upholds the Corporation's long standing plans for the extension of Route 11 via the Little Britain area.

N. H. Harding.
Chairman,
Planning and Communications Committee,
City Corporation,
Members' Room,
Guildhall.

Government borrowing

From Mr. Michael Posner

Sir,—John Forsyth of Morgan Grenfell is, in his spare time from banking, one of our most original and sparkling economic commentators; and your Anthony Harris has a degree of authority in monetary matters rivalled only by his colleagues on the Financial Times.

If these two gentlemen agree on a proposition, therefore, they stand a good chance of convincing many important people, including "the authorities." When, as in the Lombard column (September 16), the proposition they advance is wrong, it is necessary for one of us duller chaps to try to answer their case before it is too late.

The argument put by Mr. Harris today may be expressed as follows. The balance of payments must always balance—if it tends to surplus sterling will rise, choking off manufacturing exports and therefore home output and employment. The current account is tending towards surplus mightily because of North Sea oil, therefore the only way to protect manufacturing is to ensure that there is a sufficient outflow on capital account to stop sterling rising.

But, assume Harris and Forsyth, there is a direct link between the Government's own borrowing and the flows on capital account—higher borrowing by the Government produces an inflow on capital account; and since what we need is an outflow, it follows that Government borrowing must fall.

And here at the last step, the rabbit's ears are beginning to appear out of the conjurer's top hat. A fall in Government borrowing can only come about by a rise in taxation (or a fall in expenditure); and the only way therefore to protect home output is by cutting the Government's fiscal deficit, or in other words the reverse of the conventional recommendation for dealing with the effects of a recession.

The error in this argument as I have summarised it is immediately obvious. It assumes that Government borrowing can never absorb the surplus savings of the two private sectors of the economy, presumably because it assumes that there are never any such surplus savings.

Perhaps this proposition is true in steady state equilibrium; it is certainly not true under present circumstances, as indeed your September 16 main editorial demonstrates. The company sector's deficit is evident, but the personal sector is in surplus. And the net surplus of both private sectors will be the larger, the higher is the level of activity.

I would emphasise that this argument has little to do with conventional pro- or anti-monetarism disputes. And while, with respect, I believe that the Harris/Forsyth policy recommendation is wrong, I entirely share and welcome their concern about the present state of British industry.

Michael Posner.
Pembroke College,
Cambridge.

Insulation of lofts

From the Director, National Consumer Council

Sir,—We read with great concern your report suggesting that some local councils have already used up the funds allocated to them by central government to distribute to individual applicants for loft insulation grant (September 13).

Ironically, the Government has just announced that individual applicants may apply for higher grant than before, yet while it has earmarked an extra £4.2m as part of a special scheme to help poor pensioners, it has apparently made no further funds available for others.

On humanitarian grounds, adequate grants for loft insulation are essential. The sick and disabled, and poor families with young children, are other groups who already find it hard to pay their fuel bills and will face mounting difficulties as fuel prices continue to soar. For them, as for elderly pensioners, loft insulation may make all the difference between warm homes and real hardship—with, in extreme cases, the risk of hypothermia. The National Consumer Council has called for needy households drawing social security benefits to be eligible for 100 per cent grants, up to at least £120, to cover the cost not only of insulating their loft and hot water tank, but also of carrying out draught-proofing. By reducing the cost of keeping warm, insulation would in the long run make more sense than simply providing assistance with high fuel bills.

On economic grounds, government encouragement for insulation is essential if the nation's precious energy resources are not to be wasted. For a variety of reasons investment by both domestic and industrial consumers on energy conservation tends to lag well behind what is cost-effective for the country as a whole. Financial incentives which speed up the rate at which insulation measures are undertaken make economic sense both for the country and for individual consumers.

Poor people in particular have problems paying their fuel bills. The social case for helping the sick and disabled and poor families with young children to cut down on fuel bills is overwhelming. And it makes much better economic sense to do this by improving insulation than simply by providing assistance to meet the cost of the bills.

The money to finance such schemes could come from the excess profits of the fuel industries.

Jeremy Mitchell,
18 Queen Anne's Gate, SW1.

Price of electricity

From Mr. C. P. de Laszlo

Sir,—We are a small book publisher and naturally seek to keep down running costs, including electricity. We have just received our most recent bill from Southern Electricity and we find that for the same number of units we are paying more than double our previous bill.

Our efforts, no doubt, kept our bill down, but we also hope would help to conserve fuels. Our new charges will encourage us to do these two things even more, but our experience seems a good example of monopolies charging what they like.

We would also like to mention that we received a warning notice of increased charges well in advance, but it was by no means easy to understand their methods of calculation, and certainly no proper warning was given that these new charges would increase bills substantially.

If on principle and through irritation we spent much of our time turning out every light and piece of equipment we saw still on, no doubt thereby cutting off our nose to spite our face, we would help to reduce the income of the electricity board and help to perpetuate the monopolistic vicious circle of constantly increasing charges.

C. P. de Laszlo.
LSP Books,
8, Farncombe Street,
Farncombe,
Godalming, Surrey.

Today's Events

GENERAL

UK: Institute of Strategic Studies publishes document on the military balance 1980-81.

EEC Economic and Social Committee statement on greater protection for whales.

Scottish Prison Officers Association conference opens, Falkirk (to September 19).

Energy Conservation Exhibition opens, Building Centre, WC1 (to October 2); plus energy conservation seminar on condensation.

Princess Anne and Mr. Jackie Stewart attend British Horse Society riding and road safety film showing, London.

Warm Homes and DIY Exhibition opens, Bristol (to September 21).

Memorial service for Mr. Leonard van Geest, United Reformed Church, Pinchbeck Road, Spalding, 2 pm.

Overseas: Mr. Alessandro Pertini starts official visit to China at invitation of Mr. Ye Jianying, chairman of the Chinese Parliament (to September 28).

Islamic Foreign Ministers meet in Morocco.

Automechanika (motor parts, accessories and equipment exhibition) opens, Frankfurt (to September 23).

San Antonio open golf tournament, Texas (to September 21).

OFFICIAL STATISTICS

London dollar and sterling certificates of deposit (mid-August). UK banks' assets and liabilities and the money stock (mid-August). Capital expenditure by the manufacturing, distributive and service industries (second quarter—revised). Manufacturers and distributors stocks (second quarter—revised).

COMPANY MEETINGS

Associated Communications, 17 Great Cumberland Place, W, 12. Brady Industries, Ancoats, Manchester, 12. Braithwaite, St. Ermins Hotel, Caxton Street, SW, 12. BS and EA, University Arms Hotel, Cambridge, 12. Distillers, North British Hotel, Edinburgh, 12.15. Hartley Ind. Tst., 45 Hertford Street, W, 12. Howden, 195 Scotland Street, Glasgow, 12. Jacksons Bourne End, 74 Furlong Road, Bourne End, Buckinghamshire, 11.45. Mitchell Somers, Hyde Park Hotel, Knightsbridge, SW, 12. Moran Tea, Sir John Lyon House, Upper Thames Street, EC, 12. Polymark, 63 Jeddo Road, W, 3. Alfred Preedy, Burnt Tree House, Burnt Tree, Tipton, West Midlands, 5.45. Ratners (Jewellers), The Churchill Hotel, 30 Portman Square, W, 12. Stewart Nairn, Winchester House, 100 Old Broad Street, EC, 12.15. Trustees Corporation, Winchester House, 77 London Wall, EC, 12.45.

Dalgety reaches £33.3m but Spillers disappoints

WITH A 37-week contribution of £6.7m from Spillers, pre-tax profits of Dalgety, the interostional merchant group, rose from £31.5m to a record £33.3m for the year ended June 30, 1980.

Turnover, including £533m from Spillers, acquired lest October, increased from £950m to £1.88bn.

Stated earnings per £1 sbare are 28.3p against 46.3p but as expected the total dividend is raised from 20p to 22p with a final of 11p. Dividends exclude the proportion of Dalgety dividends paid to former Spillers shereholders which was sttributable to pre-acquisition periods.

Mr. David Donne, cbairman, estimates that the steel strike cost the Spillers canned pet foods operation £2m. The other main reason why Spillers has not come up to expectation is tbe agriculture business, now being integrated with Dalgety's agriculture business. That, he says, "did not do as well as tbey bad expected."

But "there is no element of disappointment in what we have bought." Some of the benefits of tbe reorganisation of Spillers will start coming through this year.

Mr. Donne is making no pro6t forecast for Dalgety this year, but remarks: "In some businesses you can con6dently forecast a downturn. I am heing confident in saying bere is a group wbicb could do better this year."

With total variable debt of something over £170m, most in the UK bnt around a fifth in the U.S., he notes tbat every point fall in interest rates saves £1.7m.

There are also some £6m to £7m worth of properties in Spillers not being used and now surplus.

Dalgety's streogth is in agricultural and food, essential activities whatever the recession, and the Spillers acquisition giving it a wider spread of investments in these sectors plus the improved balance of its business, will enable the group to perform creditably, Mr. Donne says.

The changes already made will improve the trading of Dalgety Foods in the U.S. while completion of the major steps necessary for the integration of Spillers—costing £20m gross—will increase profits.

"Dalgety faces tomorrow's challenge with con6dence," Mr. Donne states.

Loan capital at June 30 amounted to £132.6m against £123.3m at December 31 last year witb sbort-term borrowings standing at £85.6m (£124.5m).

Dalgety's animal feed business in the UK bad a record year and, while the egricultural merchenting and agricultural engineering businesses experienced difficult market conditions on wbicb to operate, they performed well, the cbairman states.

Despite declining demand in the second balf from domestic hrewers and distillers, the malting division sustained profits at the same level as last year and made considerable progress in developing new export markets.

Australia and New Zealand both took advantage of better trading conditions which gave rise to higber turnover in the rural agency business and increased sales of merchandise to tbe farmer.

The recent acquisltion in the U.S., the Martin-Brower Company, bad an excellent year and fully justified the purchase of this specialised food distribution business.

In early October, immediately after the main processing season, the Federal Reserve Board in the U.S. raised interest rates dramatically. The customers of Dalgety Foods Inc. reacted by reducing their inventories.

The decislon was taken to bring stocks into proper balance even at the expense of eutting margins — this objective was acbieved but at beavy cost and the loss amounted to nearly £5m.

Lex, Back Page

Tricentrol better than estimated

MID-YEAR results from Tricentrol sbow an improvement over tbe preliminary figures reported on July 2. Tbis is primarily because of £1.69m exceptional income—a receipt of compensation by Tricentrol Oil Corporatioo—wblcb bad not been 6nalised wben the preliminary results were announced.

Pre-tax profits reached £9.69m for the second quarter to June 30, agaiost an estimated £7.86m. Tbis raised six months pro6ts to £21.42m, compared witb £7.22m last year, of wbich £4.02m came in the second tbree months. Sales totalled £131.78m (£101.52m).

First half net income was £0.64m blgher than estimeted at £8.2m, against £4.03m. Tax took £13.22m (£3.18m), of wbich £7.57m (£2.05m) related to petroleum revenue tax.

The net Interim dlvldend is beld at 2.8p. Last year's total was 7p, paid from pre-tax profits of £21.27m.

Earnings per 25p sbare are shown as 25.1p basic, against an estimated 14p and 9.3p last year, and 14.7p fully diluted against 13.6p and 9p. Cash flow per sbare is given as 55.3p (28p).

Tricentrol Oil Corporation, covering the Eastern Hemisphere and South America, produced first-half operating pro6ts of £18.02m (£4.33m) including the exceptional item.

Although the balf year was generally one of progress in all activities, the later part was oversbadowed by the downturn in the economy of the free world and of the UK in particular.

This, coupled with the mild winter, caused a reduction in oil usage and as a result an oversupply position bas developed.

The sbort-term outlook for individual sales of crude oil is not good, but tbe directors expect supply and demand to come back into balance over tbe winter and foresee a return to a more stable price structure in 1981.

Production from the Thistle Field for tbe first balf was 19.32m barrels (13.71m). Tricentrol's sbare was 1.87m b/r. Liftings during the six months on Tricentrol's account were 1.44m bbl whicb gave a casb income of £22.49m and 202,865 bbl on account of Government royalty.

By the end of June, 22 wells bad been completed on the Thistle Field, 15 as oil producers, six as water injeetion wells and one as an alternate gas or water injection well.

Considerable rig time bas heen devoted to "working over" existing wells. New well drilling bas consequently been somewbat restricted.

Operating pro6ts from exploration and production in North America improved from £1.53m to £1.99m, tbe U.S. contribution amounting to £1.2m (£0.93m).

UK commercial activities were bit by the recession and peak interest rates. Operating profits fell sbarply from £2.25m to £0.97m, tbe automotive side slumping to £0.38m (£1.85m).

The directors say all steps to reduce costs that are feasible without prejudicing the longer term have been taken, although the net benefits will not be fully reflected until the fourth quarter.

Losses from Continental Europe trading activities were cut from £0.49m to £0.23m at tbe operating level, but margins suffered. Two Benelux operating companies—Agpo NV in Belgium and Tilcom BV in Holland—have been closed because there were no prospects of early improvements.

About one-third of tbe losses incurred were costs relating to future business development in Europe.

Shareholders' equity was up from £51.29m to £70.5m at June 30. Casb and marketable securities totalled £7.19m (£19.58m), while short-term borrowings amounted to £24.78m (£18.81m). Long-term debt was £14.09m (£13.58m).

HIGHLIGHTS

Lex discusses the **RTZ** £126m rights issue of convertible stock. Apparently the company has taken advantage of the strength of its share price although no clear indications are given of immediate prospects. The other major British mining finance house, **Consolidated Gold Fields**, has also reported its figures for the year and not surprisingly has felt considerable benefits *from the buoyancy of the gold price.* At **Dalgety** there is a different story. Even with an eight month contribution from Spillers profits are only marginally higher at £33m. Lex also briefly discusses the Bank of England's quarterly bulletin and prospects for the new gilt-edged stock this morning. On the inside pages two insurance companies, **Eagle Star** and **Legal and General** both report higher half time profits after rises in underwriting losses. Meantime at **Burmah** profits are 40 per cent higber but the market bad been expecting more and the shares were marked down during the day.

Expanded Metal slips in first half

WITH INTEREST cbarges jumping from £101,000 to £249,000, pre-tax profits of **Expanded Metal Company** slipped from £1.17m to £1.11m in the half year to June 30, 1980, reflecting an anticipated fall off in demand during the final two months of the period.

In the circumstances, and with spending on new ventures at bome and overseas continuing on approximately the same level as in 1979, second-balf pro6ts are unlikely to exceed those of the first six mooths, say the directors. The taxable surplus for the wbole of 1979 was £2.53m.

However, they expect the group to go into 1981 in good sbape to take advantage of any improvemant in the general level of economic activity and add that there are one or two developmeots currently in band within the traditional business area that could contribute materially to profit next year.

The interim dividend is held at 2p and the directors expect to repeat last year's final of 2.5p.

Turnover in the first half rose to £18.48m (£15.88m) and the surplus is subject to tax of £575,000 (£440,000).

The reduction in demand during the period particularly affected engineering and those parts of tbe building industry directly geared to new bousing starts, say the directors.

But the steel stockholding subsidiary performed particularly well and wbile activity in the main industries it serves is now severely depressed, it continues to obtain its sbare of available orders.

With no early prospect of demand recovering sufficiently to enable volume or margins to be materially improved, stocks have been reduced and borrowings are currently down at £3m, compared witb £4m at tbe year-end.

The group's share of the expenditure to date on Blevex, specialist in prevention of explosions and fires, being developed in equal partnership with John Laing, is £270,000.

The costs of a relocation of many of the group's administrative and sales functions away from London will be covered by the premium obtained on disposal of the London office lease, say the directors, so the effect on the year's results will be neutral.

The sales office of The Expanded Metal (Mfg.) Company, the group's largest operation, will move to the main factory at Hartlepool. The executive and administrative office of the holding company will move to Teddington, Middlesex.

● comment

An unequivocal dividend projection is becoming increasingly rare these days but **Expanded Metal** con6dently expects to bold the final payment. On first sight, EM sbould be as vulnerable as any—the second quarter was weak and the group sells largely to the building and engineering industries. But the strength of the steel stockholding subsidiary in the first quarter has done much to contain the interim pre-tax sbortfall to a mere 6 per cent, while the larger part of tbe main manufacturing division supplies reinforcement for plaster products for which demand from tbe renovation and rehabilitation market has been good. Explosafe, now a fully commercial product, has failed by quite a long way to find the projected level of sales, Blevex is still at a comparatively early stage of development and tbe U.S. business was sligbtly on the wrong side of break even in the second quarter. EM will thus struggle to matcb last year's profits but expects to run a positive cash flow over at least the next two years unless a major acquisition is undertaken. That seems somewhat nnlikely at this stage and income sbould remain a useful prop on an historic and prospective yield at 56p, unchanged yesterdsy, nf almost 12 per cent. What price sbares where the dividend is seen to be less than secure?

Receivers called in by Ferrier Pollock

RECEIVERS HAVE been appointed at Ferrier Pollock, the Irish clothing and soft furnisbings company which asked for its shares to be suspended in June pending clari6cation of its financial position.

Ferrier said Investment Bank of Ireland, its bankers, had appointed the receivers at its request. But the group's trading company would continue to operate while they made a full review of its activities.

The group said the following subsidiaries would come under receivership: Powerscourt Exports, P. G. Power and Company, P. G. Power and Company (NI), Doran Packaging, Blackglen, John Street Manufacturing, Doran Packaging (Heywood), and Ferrier Pollock Distribution (NI).

In June, the company said its Ferrier Pollock Distribution subsidiary had seriously overstretched its resources and a refinancing package was being assembled.

In the year to Janusry 31, 1979, the group made a pre-tax profit of I£189,000, following this with a profit of I£89,000 in the next six months. No figures have been released for the full 1979-80 period.

Law Land

PROFITS BEFORE tax of the Law Land Company improved to £87,774 in the half year to June 30, 1980, compared with £77,134. The surplus for the wbole of 1979 was £115,071 after a recovery from losses of £587,905 in the previous year.

The dividend is lifted from 0.5p to 0.55p net—last year's total was 1.25p.

Net income from properties rose to £1.36m (£1.15m), trading profits to £301,783 (£230,962) and dividends and interest receivable to £156,120 (£29,024). The pre-tax surplus is struck after higher interest charges of £1.73m against £1.33m.

Profits from trading reflected a downturn in the UK from £133,795 to £84,896 but an improvement in Australia to £216,887 against £97,167.

Total turnover for the period amounted to £5.44m (£3.81m), including gross property sales up from £1.28m to £2.45m and a contribution from building contracting this time of £88,637.

The availability of losses brought forward means there is no tax cbarge this time, against £145,000. After minority losses in Australian subsidiaries of £7,048 (£72,901) a transfer from capital reserve relating to development properties last time of £10,000 and preference dividends, which again absorb £6,125, the attributable balance emerges at £88,697 (£8,910).

The interim dividend absorbs £195,903 (£176,649). Stated earnings on a net distribution basis, including last year's transfer from capital reserve, are up from 0.03p to 0.25p per share.

The directors report that the claim by a building contractor against Lancaster Holdings, a former associate, has now been settled. They estimate a total of £165,000 will be payable to Warner Estate Holdings, the purchaser of Law Land's stake in the company, under the indemnity clause in the sale agreement. This sum will be chargeable to capital reserve.

MARTIN-BLACK

Regarding Martin-Black's associated company in India, certain Financial Institutions bave exercised their options to convert loans loto eqnity shares, as a result of wblch Martin-Black's interest in the quoted associste company bas fallen to 18.82 per cent.

In yesterday's report it was not mede clesr that the options were thosa of the Financial Institutions.

Burmah sees tough year despite midway increase

FOR THE first six months of 1980, operating profits of the **Burmah Oil Company** improved from £28.21m to £38.43m with the pre-tax figure higher at £28.17m compared with £20.19m in the same period last year.

Although the operating results compare favourably with last year's first half, this trend cannot be expected to continue for the full year, the directors report. The bigh level of interest rates will also affect profits before tax.

Furthermore, the full year comparison must take account of the exceptional credit last year of £13m relating to shipping, the board adds.

The interim dividend is being maintained at 1.5p per £1 share — the total last year was 6.5p wben the group reported operating profits of £82.97m aod a pre-tax profit of £67.34m.

Earnings before extraordinary items for the first balf are stated as 8.11p (6.04p).

Tax charge amounts to £15.45m against £10.67m and of this, £9.6m (£1.9m) is for UK tax — tha increase mainly comprises PRT provisions and Corporation tax on Thistle Field earnings which are the subject of a tax "ring fence" restricting the offsetting of profit against losses made elsewbere.

The directors say profit for the year attributable to ordinary stockholders will inevtiably suffer from a significantly increased tax charge, mainly due to the "ring fence" effect on Thistle income.

Of the operating profit in the first half, the group's interest in the Thistle field provided £15.2m (£5.2m), reflecting increases both in production volume and price. Shipping also improved greatly wbere tha full effects of earlier in-charter cancellations and favourable out-charter agreements reduced the loss on crude oil tanker operations to £3.9m (£6.9m).

Against this, the antomotive business suffered badly from depressed conditions, particularly in Britain.

Oil and gas contributed £37.1m (£24.8m) to operating profit; antomotive, £0.4m (£6.7m); engineering, £1.1m (same); industrial products, £3.5m (£3.1m); and shipping, £0.4m (£4.3m) loss. Unallocated central expenses totalled £3.3m (£3.2m).

● comment

Burmah Oil's pre-tax profit jumped 40 per cent in the first half but the market still knocked down the shares 18p yesterday to 193p. Oil and gas pro6ts were up a balf largely because of Thistle Field production but mora was expected. Refining and fuels were only up marginally against a poor first half last year and Thistle production was hit by a breakdown in April. Tricentrol, another participant in Thistle, reported a 25 per cent drop yesterday in second quarter oil and gas profits. Elsewbere, profits in the automotive sector collapsed although the group hopes Halfords will do slightly better in the second half. Shipping losses have been cut significantly but no further improvement is foreseen. The group could finisb the year about level with last year's £54.3m (before £13m in shipping compensation) at the pre-tax level. Hnwever, things will almost certainly deteriorate below the line as rising profits on North Sea oil cannot be set against costs elsewhere. Already in the first half, UK tax jumped to £9.6m from £1.9m mainly because of petroleum revenue tax and corporation tax on Thistle profits. Earnings per sbare could drop to 25p for the year which would leave the shares on a 7.7 prospective p/e. The yield on a maintained dividend would be just under 5 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Albany Trust ....int.	0.6	Nov. 6	0.55	—	1.92‡
Bemrose ....int.	Nil	—	2.23	—	4.47
Berwick Timpo ....int.	2	Dec. 1	2	—	6
British Mohair ....int.	0.96	Oct. 31	0.95	—	3.77
Burmah Oil ....int.	1.5	Jan. 9	1.5	—	6.5
Burns-Anderson	1.4	Nov. 7	1.46	2	1.68
Consd. Gold Fields	15	Nov. 25	10	22.5	13.51
Dalgety	11	—	11.96	22	20
Eagle Star Hldgs. ...int.	5	Jan. 15	4.15§	—	9§
Epicure Holdings	0.85	Oct. 29	0.67	1.25	1
Expanded Metal ...int.	2	Nov. 7	2	—	4.5
Law and Co. ....int.	0.55	Nov. 12	0.5	—	1.25
Legal and General .int.	3	Jan. 2	2.6	—	7.6
Lidstone	Nil	—	1.4	Nil	1.4
Phicom ....int.	0.45	Nov. 28	0.45	—	1
RTZ ....int.	5.5	Jan. 2	4.5	11	15
Shaw and Marvin	Nil	—	0.35	Nil	0.35
Trafford Park Estates .	3.75	Nov. 18	3	6	4.96
Tricentrol	2.8	Nov. 28	2.8	—	7
U.S. Deb. Cpn. ......int	2	Nov. 3	2	—	5.58¶
Westminster & Country Props.	2	—	1	3	1.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including non-recurring 0.27p. § Including compensating dividend of 0.15p. ¶ Including non-recurring 0.8p. ‖ Final of nnt less than 10.5p forecast.

Bemrose cut to £114,000 at halfway and interim omitted

PROFITS before tax of Bemrose Corporation have been cut from £890,00 0to £114,000 in the first half nf 1980 and the directors are not paying an interim dividend — last year s 2.233p interim was followed hy a similar final.

The board hlames the reversal on industrial action hy one of the national printing unions, coupled witb widespread de-stocking, deterioration in demand and intensifying foreign competition in printing and packaging.

Given the economic outlook and the high costs of taking remedial action in unsatisfactory areas of the business, the directors do not expect a return to an acceptable level of profitability in 1980. Last year, the group reported pre-tax profits down from £2.4m to £1.11m.

Major cost reductions have already been made in several important areas and a thorough re-appraisal is being carried out of several businesses in which the group is engaged with a view to cutting back or eliminating uqnprofitable activities.

The high costs of these measures will mainly arise in the second half. Benefits will include a sharpening of competitive edge and a stronger base from whicb to respond to growth npportunities st the appropriate time — the action unavoldably involves redundancies, the directors say.

Tough trading conditions persist in almost all sectors, transfer printing for the international textile industry and book publisbing being under especially intense pressure.

It is not proving possible tn recover all the increased costs, though every effort is being made to mitigate the effects by greater efficiency and productivity, the board adds.

The current phase of the modernisation programme bas been complated in all principal printing and psckaging plants. Most recently, major re-equipment with bighly productive macblnery for printed cartons has taken place at Norbury Packaging in Manchester and Alf Cooke Packaging in Leeds.

A new company, Benrose Securicards, bas been formed in co-operation with the state-ownad AB ID-kort of Sweden, to manufacture and market highly secure identification and authority cards in Britain and for export.

	First half 1980 £'000	1979 '000
Turnover	24,214	2809
Depreciation	712	641
Trading profit	781	269
Interest	667	389
Pre-Tax profit	114	890
Tax	3	92
Net profit	111	798
Dividends	5	256
To Reserves	106	542

● comment

The Bemrose interim statement makes grim reading. The passed dividend is understandable—to pay it would have cost more than twice pre-tax profits—but there are few signs that the Board will like what it sees when it comes to consider the year-end distribution. A significant up-turn could be another year away. The printing dispute hurt, but coincided with a drop in demand so marked that the company cannot reckon just how much business it cost. Two major plants — flexible packaging and cartons—are on short time, while significant redundancies will depress the year's attributable profit. [illegible] printing costs are bigh, and [illegible] 70 per cent of foreign buyers for Bemrose's transfer printing services, for instance, do not appreciate the 10 per cent price hike wblcb sterling enforces. Little cheer for the second half but with the encouraging thought that extensive capital spending is out of the way with gearing held to 41 per cent. The shares slipped 5p to 31p.

Progress for U.S. Debenture

Pre-tax pro6ts of the United States Debenture Corporation rose from £1.81m to £2.39m in the half-year to July 31, 1980. Gross revenue was up from £2.66m to £3.46m.

After tax higher at £258,655 (£249,004), the net asset value per 25p share is shown as 133.5p compared with 114.4p. The interim dividend is held at 2p net. Last year's total was 5.58p, which included a non-recurring payment of 0.8p.

YORK WATER

The offer for sale by tender of £1.5m 9½ per cent redeemable preference stock, 1983, by the **York Waterworks Company** attracted applications for £3.7m. The lowest price to receive partial allotment was £101.55 and the aversge price obtained was £101.624.

Dealings in the stock will begin on September 18. Brokers to the issue were Seymour, Pierce and Company.

MINING NEWS

RTZ: higher earnings and £126m loan issue

BY KENNETH MARSTON, MINING EDITOR

LONDON'S Rio Tinto-Zinc Corporation has pleased the sharemarket with news of an advance in half-year earnings which matches best expectations coupled with a rights issue of convertible loan stock which, although amounting to £126m, is still less than had been feared in some quarters.

The international natural resource group also discloses that it has acquired for approximately £17m a further 24 per cent stake in the Spanish Rio Tinto Minera bringing the total interest to 49 per cent. RTM is currently expanding its copper production to 50,000 tonnes a year from 30,000 tonnes and is also a significant producer of gold and silver.

	First half 1980 £m	First half 1979 £m	Year 1979 £m
Group sales revenue	1,453.0	1,171.3	2,516.8
Associates	22.1	15.9	34.8
Div. & int. rec.	30.6	16.1	36.7
	336.0	228.7	520.5
Interest payable	40.8	29.4	67.8
Group profit before tax	295.2	199.3	452.7
Tax	129.2	86.1	186.5
Group profit after tax	166.0	113.2	266.2
Outside holders	76.3	51.8	116.4
Attributable	89.7	61.8	149.8
Earn. per share*	35.57	24.44	59.42
Preference divs.	0.2	0.2	0.4
Interim dividend	13.4	10.9	10.9
Div. per share*...	5.50	4.50	15.00
Gross*	7.86	6.43	21.43

* Pence.

Net profits of RTZ for the six months to June 30 have risen to £89.7m, equal to 35.57p per share, from £61.6m in the same period of last year. The 1979 total net profit was £149.8m, or 59.42p per share.

The interim dividend is being lifted by 1p to 5.5p net and it is stated that in the absence of unforeseen circumstances the final dividend will not be less than last year's payment of 10.5p.

Because of the strength of sterling, the translation of the results of the group's overseas subsidiaries has been less favourable compared with a year ago. On the latter basis, the latest net profits would have been some £3m greater.

As indicated by the half-year results already announced by the group's major subsidiaries—the contribution of CRA was some 20 per cent up despite the fall in the parent's beneficial interest in the Australian company to 61.1 per cent from 68.2 per cent—the main factor in RTZ's higher earnings has been the rise in copper prices which occurred earlier in the year and the continuing advance in those of precious metals.

Also important have been the roles of the Australian Hamersley iron ore operations and the Namibian Rossing uranium mine. The latter's earnings were "significantly" above those of the first half of last year and reflected higher sales together with improved contract selling prices.

Prices of several of the base metals in which RTZ is interested, notably copper, are now below the averages of the first half of the year and RTZ regards the prospects of an improvement in them in the short term as "not particularly encouraging." However, the shares yesterday closed 19p up at 487p.

On the subject of the anti-trust uranium litigation being pursued in the U.S. by Westinghouse Electric Corporation against RTZ and others, it is stated that the U.S. subsidiaries of RTZ Borax have refrained from declaring dividends which might pass to RTZ. But RTZ still considers that the resolution of the litigation will not adversely affect the group to a significant extent.

The RTZ rights issue is of £125.9m 9½ per cent convertible unsecured loan stock 1995-2000 at par. It is being offered at par to holders of RTZ ordinary and accumulating ordinary shares, registered on September 12 last, in the ratio of £1 nominal loan stock for every two shares held.

The loan stock will be convertible in any of the years between 1984 to 1999 inclusive at the rate of 20 ordinary shares per £100 loan stock, this being thus equivalent to a conversion price of 500p. The latest date for acceptance will be October 13.

RTZ will use the proceeds (£123m net) of the issue to take up its entitlement to the current rights issue of CRA, pay the cost of the Rio Tinto Minera acquisition and generally strengthen RTZ's finances. The group has its eyes particularly on new investments in energy resources and related industries, hoping that opportunities will arise in the UK which would help the group's tax position.

Underwriters to the issue are: Kleinwort, Benson; N. M. Rothschild and Sons; and Morgan Grenfell. Brokers to the issue are: Hoare Govett; and de Zoete and Bevan. Sharemarket observers reckon that the issue will be well received and look for a premium price basis of £110 per £100 stock when dealings start on September 23.

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Gold Fields profits up 60%

STEALING some of the thunder inc comes London's Consolidated in sharemarkets from Rio Tinto-Zinc comes London's Consolidated Gold Fields with another set of record results which sent the shares up to 615p yesterday before they closed with a net gain of 20p at 610p in a generally booming gold share market.

It will be recalled that a price of 616p was paid for Gold Fields shares in February this year when De Beers was involved in the buying operation which brought that company and Anglo American Corporation their 25 per cent stake in Gold Fields.

Net profits of Gold Fields for the year to June 30 have advanced 60 per cent to £89.9m (or 60.5p per share) from £56.2m in the previous year. The final dividend is lifted to 15p, making a year's total of 22.5p compared with 13.5p for 1978-79.

Gold is, of course, the group's main revenue earner, providing around half the total net profits, and income from this source has expanded during the past 12 months in line with the advance in the bullion price. But it is interesting to note that the other major interests have also done very well including the construction materials business.

The non-gold mining side has shown up well with the Australasian mines making the most of higher metal prices. The Tasmanian Renison tin mine has continued to be a money-spinner while the copper and beach sand minerals interests have substantially increased earnings. Iron ore operations, however, have been adversely affected by typhoons.

Subject to no major worsening in the U.S. and UK economies, Gold Fields has reason to hope for a further improvement in earnings for the current year. Meanwhile, shareholders will await some guidance from the annual report which is to be posted on September 30 and at the meeting in London on November 12.

	1980 £m	1979 £m
Construction materials	42.0	34.2
Manufacturing & com.	28.8	21.5
Mining:		
Operations of subs.	20.9	8.5
Share of profit GFSA	32.8	17.2
Gold div.	21.4	11.3
Investmts., non-gold div., int. receivbl.	13.7	13.0
Making	159.7	105.7
Interest payable	17.8	17.4
Profit before tax	141.9	88.3
Tax	38.8	24.5
Profit after tax	103.1	63.8
Minority interests	13.2	7.8
Attributable	89.9	56.2
Dividends	33.6	20.0
Retained	56.3	36.2
Earnings per share	60.50p	38.12p

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Canada's big coal potential

CANADA'S Federal Government sees a big potential for the country's coal resources in a period of expanding world coal demand. This was put forward in a discussion paper at the Canadian Conference on Coal by Mr. Marc Lalonde, Federal Energy, Mines and Resources Minister, reports John Soganich from Toronto.

The meeting, in Vancouver is sponsored by the Coal Association of Canada. But in debating the various possibilities for the increased use of Canadian coal in the future, Mr. Lalonde claims Canadians will have to weigh the opportunities and costs of each of the options, whether economic, social and environmental.

The Minister says forecasts are that coal use as a proportion of Canada's domestic primary energy supply could increase to at least 12 per cent by the year 2000 and perhaps as much as 18 per cent "if new coal utilisation and conversion technologies are employed."

Coal currently provides only about 9 per cent of the country's primary energy supply compared with 18 per cent for the U.S., 37 per cent for Australia and 78 per cent for South Africa.

Canada's exports also are expected to rise substantially especially for the thermal grades.

Given this range of possibilities Mr. Lalonde says Canadian coal production, now about 33m tonnes a year, would have to increase by a factor of three to five by the year 2000.

PENARROYA

The French metals group Penarroya, a member of the Rothschild controlled mining group Imetal, and Portuguese interests have formed a new company to mine copper and zinc at Neves and Corvo in Portugal.

The new company, called Somincor, is scheduled to begin mining operations in 1985. Cost of setting up the operation is estimated at FFr 600m (£60m).

Somincor is expected to produce 1m tonnes of ore annually with a copper content of 50,000 tonnes.

The Portuguese interests have a 51 per cent stake in Somincor with the remaining 49 per cent being held by Penarroya and the French State Geological and Mining Research Bureau.

BIDS AND DEALS

London & Liverpool buys two specialist companies

London and Liverpool Trust is continuing its expansion with the agreed acquisition of Hartley Precision Engineering and Talbographic. This follows the purchase earlier this year of Regent Autocar, a private company with interests in engineering and vehicle distribution.

The directors say that the acquisition of Hartley will represent an expansion of the company's existing interests, represented by Regent, in the field of specialised engineering while Talbographic (a distributor and dealer in electronic reprographic equipment) is expected to provide a useful foundation in an area which they consider worthy of development.

Both have good growth prospects, the group feels, and will develop its interests in services and products involving high technology.

The investment portfolio which formed London and Liverpool's major asset when it was operating as an investment trust has been almost completely realised and the proceeds are now available for future development of the company.

The initial purchase consideration for Hartley is £630,000 through the issue of 2,002,648 shares, of which 1,619,434 will be placed on behalf of the vendors. An additional cash sum of not more than £211,375 will be payable if Hartley's pre-tax profits reach £200,000 or over. The cash payment will be reduced if this level of profit is not achieved.

The consideration for Talbographic is £200,000 initially by the issue of 12½ per cent loan notes convertible 1985. A further amount of loan notes may be issued if average pre-tax profits of Talbographic for the two years to January 31, 1982, reach £125,000 or more. Again if that figure is not achieved the amount of loan notes will be reduced.

Pre-tax profits of Hartley in the year ended March 31, 1980, increased from £98,000 to £174,000, on a turnover of £619,000 against £441,000. Net assets amounted to £458,000.

For Talbographic pre-tax profits in the year ended January 31, 1980, rose from £65,000 to £78,000, on a turnover of £804,000 (£714,000). Net assets amounted to £140,000.

The directors state that despite the recession all divisions of the company are operating profitably and they expect a satisfactory outcome to the current year. In 1979/80 pre-tax revenue of London and Liverpool amounted to £59,171 (£41,558).

Net tangible assets of the enlarged group are shown at £1.6m.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: William Baird, Boddington's Breweries, Booker McConnell, Brown Boveri Kent, Corinthian Holdings, Croda International, Delta Metal, Charles Early and Marriott (Witney), Garton Engineering, Guest Keen and Nettlefolds, Heatair, Liverpool Daily Post and Echo, London and Holyrood Trust, London and Provincial Trust, Harold Perry, Rowntree Mackintosh, Steetley, UDS, James Wilkes.

Finals: G. T. Japan Investment Trust, Second City Properties.

FUTURE DATES

Interims:	
Amalgamated Metal	Sept. 25
External Investment Trust	Nov. 12
Foster Brothers Clothing	Oct. 13
Grattan Warehouses	Sept. 24
Haden Carrier	Sept. 25
Metalrax	Sept. 29
Owen Owen	Sept. 29
Transatlantic & Gen. Invests.	Nov. 12
Wills (George)	Sept. 24
Finals:	
A. S. Electronic Products	Sept. 23
Amber Day	Sept. 23
Bailey (Ben) Construction	Sept. 24
Thorpe (F. W.)	Oct. 16
Tor Investment Trust	Sept. 22

Singer & Friedlander sale agreed

A British quoted company has reached agreement to buy Singer and Friedlander, the City accepting house, for a consideration between £21m and £25m.

The proposed deal, which is expected to receive the approval of Marsh McLennan, Singer's U.S. parent within the next 24 hours, has already been given the go-ahead by the Accepting Houses Committee and the Bank of England.

Mr. Tony Solomons, chairman and chief executive of the merchant bank, said yesterday that the executive directors were very pleased with the deal. A formal Press announcement was imminent, he said.

Mr. Solomons said that around 20 possible bidders had indicated an interest in the bank, but only a handful had become involved in serious discussions.

He refused to identify the company which was purchasing Singer and Friedlander, but said it was neither Littlewoods nor Thomas Tilling, two names which had been mentioned at earlier stages in the discussions.

RTD chief has change of mind about selling

Mr. Dermot Ryan, chairman of RTD Group, the Dublin-based electroplater and generating set manufacturer, has said he has changed his mind about selling his controlling family interest in the company to Mr. Jim Dyer, the former chief executive of Armstrong Equipment's fastening division.

But, according to Simon and Coates, which has been acting on behalf of Mr. Dyer, it is too late for him to pull out as the deal has been done.

At Tuesday's annual meeting of RTD, Mr. Ryan told shareholders that the current recession had resulted in trading losses of some £90,000 by the company so far in the current year.

In view of this position he said that he did not see that this was the appropriate time to dispose of his controlling interest in the company. Consequently, he told holders that he had decided not to proceed with the sale of the Ryan family holding in the participating preference shares. He said he had advised Mr. Dyer and Simon and Coates of his decision.

Simon and Coates said yesterday that the deal had been done and his shares purchased. "We are going ahead with the deal in whatever way necessary."

Simon and Coates announced in July that it had purchased all the 8m participating shares in RTD from Mr. Ryan for a total consideration of £110,000 or 1.375p per share. Together with the purchase of 112,625 ordinary shares at 5½p each, this gave Mr. Dyer shares representing 79.3 per cent of the voting rights.

Under the Takeover Code, a general offer was made to the rest of the shareholders and this offer closed earlier this month.

Anglo-Continental plans to sell insurance broking interest

Sir James Goldsmith's Anglo-Continental Investment and Finance is negotiating to sell 53 per cent of Wigham Poland, the Lloyd's of London insurance broking group, to Fred S. James of the U.S., the world's sixth largest insurance broker.

Anglo-Continental, a subsidiary of Generale Occidentale, owns about 63 per cent of Wigham Poland. A further 25 per cent is owned by the Thomson Organisation which proposes to increase that to 35 per cent by buying the balance of Anglo's stake after the deal with James.

Fred James has had strong links with the UK broking community for some years. Last year, for instance, it formed a joint underwriting management company with Alexander Howden after severing the equity links it had held in Minet Holdings for the previous five years.

This April, James disclosed that it was looking to invest in a UK broker although it still intended to work with a number of London firms.

The deal with Wigham, which will be for cash, has the full support of Wigham's board. If it goes through—and the approval of various U.S. and UK regulatory bodies are required—it will end more than two years of uncertainty about the future ownership of Wigham.

In April, 1978, Marsh and McLellan, the largest insurance broker in the world, bid for Wigham but the offer was blocked by the Committee of Lloyds which at the time was opposed to foreign control of its members.

A year later Wigham announced that it was holding exploratory talks with Seascope, another Lloyd's broker, about a possible merger. The talks ultimately broke down.

According to a statement from Chicago, James's headquarters, yesterday, Wigham's revenue for the year to end-March amounted to $35m. James's revenues for 1979 were $165.6m.

GOUGH COOPER IN £50,000 SALE

GC Insulation, a subsidiary of the Gough Cooper Group, has been taken over by another company in the same business, Isodan (UK). The deal, part of an overall expansion programme by Isodan, was finalised on Friday.

Gough Cooper will receive a total consideration of about £50,000.

SHARE STAKES

Luis Gordon Group—FS Assurance Trustees (as nominee for FS Assurance) has purchased a further 35,000 shares increasing holding to 326,000 (6.03 per cent).

A. F. Bulgin—Advised by National Westminster Bank who are managing trustees of certain settlements executived by the late Mr. A. F. Bulgin, of the sale of 200,000 "A" non-voting shares. Mrs. G. L. Worwood, director, non-beneficial interest reduced by 140,000 "A" non-voting shares. The infant children of Mr. R. A. Bulgin, director, reduced by

Vinten Group — C. M. Brown, director, has disposed of 40,000 shares at 180p leaving holding 20,000 (0.24 per cent).

Vectis Stone Group — Temple Bar Investment Trust is interested in 750,000 shares (6.44 per cent).

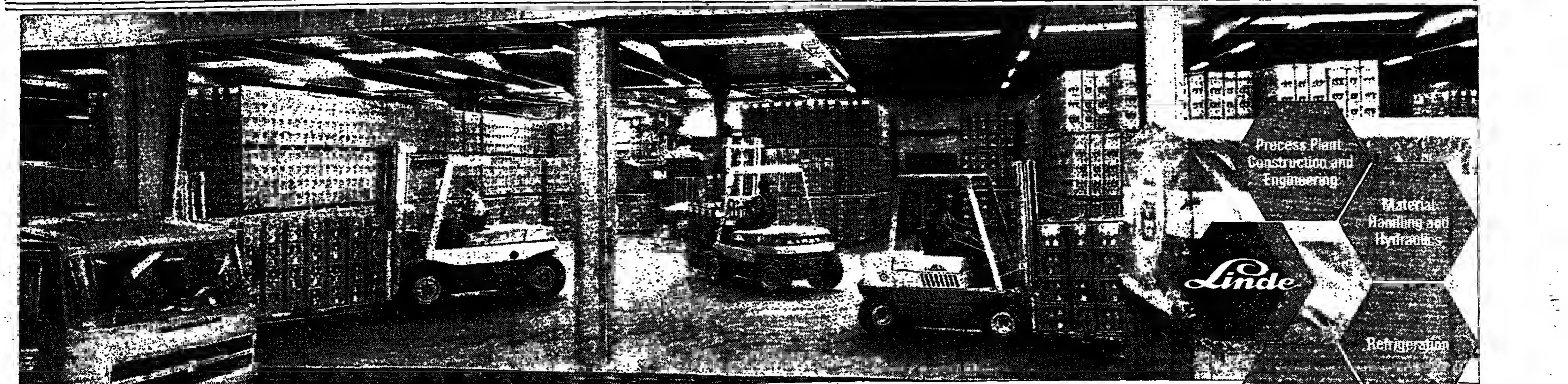
CCP North Sea Associates — Cluff Oil has acquired a further 58,600 shares and now holds 2,210,600 (28.2 per cent).

CALGARY AND EDMONTON LAND

Documents have been posted to shareholders of Calgary and Edmonton Land Co. (in liquidation) in accordance with the proposed scheme of arrangement.

Anglo Metropolitan Holdings which holds 95.4 per cent of the share capital of Calgary, has offered to acquire all the shares of Calgary which it does not already own for 25p per share cash. Net asset value per share of Calgary on the basis of the liquidator's statement at March 31, 1980, was 16.4p per share.

An EGM to approve the scheme has been convened for October 16. Anglo will not be voting in respect of its own holding in Calgary.



Investment growth gives Eagle Star a 25% boost

GOOD INVESTMENT income growth, which more than made up for a pedestrian underwriting performance, enabled Eagle Star Holdings to improve its pre-tax profits by more than 25 per cent, from £23.4m to £29.5m, over the first half of the year.

The overall underwriting losses for tha period worsened slightly from £13.5m to £14.8m. But investment income rose by 26 per cent, desite a £1m interest charge on loan noles issued on tbe acquisition of Bernard Sunley Investment Trust.

Sharebolders' life profits improved from £4.7m to £5.3m, but profits from Grovewood Securities remained virtually static at £5.2m against £5m.

The interim dividend is lifted from 4.15p to 5p, and will cost £6.8m.

Non-life premium income rosa by 10 per cent over the period from £208.7m to £229.9m, with the true growth being somewhat greater if exchange rate fluctuations are ignored.

The overall underwriting situation deteriorated in the UK with a loss of £11.6m against £11m last year. The group, witb the largest liability portfolio among UK insurance companies, recorded a significant loss of £5m, with claims costs escalating and competitive rate cutting resulting in only a marginal increase in premium income.

UK motor losses on the group's substantial portfolio have been drastically cut from last year's high level, with a loss of only £1m in the first balf against £6m. Although the effact of lower numbers of claims has been offset by rising claim costs, the motor account benefited from the premium rate increases last year and in Marcb of this year. Another 10 per ceot rise is scbeduled for October.

The commercial fire account broke even, despite some exceptionally large losses and a record national level of fire wastage, but this follows a period of profitable years. The personal "All-In" accounts are still making losses, the effects of the rate increases and indexation measures bave yet to make an impact on the results.

On overseas business, results in Belgium Improved, but elsewbere conditions worsened, with Australia being a most difficult territory. South Africa continued to be profitable despite a severe rise in the number of claims. There was a small loss in the U.5.

Life busluess in the first balf was extremely buoyant with annual premiums in the UK advancing by 26 per cent from £11.8m to £14.8m—a growth well above the industry average. The group, in contrast to most other life companies, experienced continued higb levals of business in mortgage related contracts,

● **comment**

Eable Star's interim results are patchy with a strong recovery in its UK motor business offset by terrible liability results and only a break-even position on hte commercial fire account. Against this, there was a rise of ooe-quarter in investment income. Premium growth was modest and this could bold back a corresponding rise in investment incomo over the second half of the year. The prospects for a significant improvement in the liability account look gloomy given the severe competition in this sector and the "soft" rates being quoted. The motor account should maintain its improvement witb the rate increases made and expected this year, while the personal acconnt should now improve as indexation of premiums beinga to hlte. The group would appear to be on coursa for pre-tax profits for the full year rising by one-fifth to £78m. The price rose 3p to 266p on the results giving a 5.9 per cent yield on an anticipated 11p dividend.

Long-term profits lift L & G at interim stage

A RISE of nearly one-quarter in pre-tax profits at the balf-way stage is reported by Legal and General Group, the largest pensions company and the second largest life company in the UK.

Although underwriting losses on general insurance business deteriorated from £6.6m to £8.7m, long-term profits were 26 per cent higber at £6.2m against £4.9m and investment income rose by nearly 30 per cent from £12.1m to £15.4m.

After a marginally bigber tax cbarge and uncbanged minority interests, the operating profit attribntable to shareholders improved from £6.7m to £8.7m. The interim dividend is lifted from 2.6p to 3p.

Mr. Ron Peet, L and G's chiaf executive, stated that the results reflected continued progress in profits from the long-term business, while in general insurance the bigh investment returns belped to counteract the effects of continued underwriting losses.

Despite favourable weatber in the UK this year, the underwriting losses over the period worsened from £3m to £4.2m. Mr. Peet said tbe expected improvemeot in the results of the bousehold account were beginning to emerge following the recent rate increases and revision io terms. But the first-balf results were oversbadowed by an unusually bigb number of large commercial fire losses and the effects of continuing high inflatioo.

Progress was achieved in Australia in all classes of business, the non-life underwriting losses remaining at around £1.4m. Short-term results from France remained disappointing and Spain continued a very difficult market.

The underwriting loss for the group's reinsurance subsidiary, Victory Insurance, doubled from £700,000 to £1.3m, but this figure is little more than a rough estimate at this stage of the year.

As already reported, new life business in the UK amounted to £13.2m against £12.4m while total annual premiums were £30.6m compared with £27.9m. Mr. Peet stated that the UK recession, with rising levels of unemployment and the pressure on company profitability, continned to restrict the opportunities for growth in pensions business.

Tba group's managed pension fund operation, the largest in the UK, continued to expand with lotal funds under management exceeding £1.45bn. This operation contributed £3½m to investment income for the period.

● **comment**

The market was well pleased with Legal and General's interim figures. Life profits and investment income were better than expected, wbile the decline in underwriting was not so bad as feared. Although a similar increase of 25 per cent in life profits for the full year is not expected because of the exceptional element in last year's figure, neverlbaless all indications are of a significant rise of around one-fifth. The general insurance losses should he curtailed as the premium rate increases on bouseholder business come through and the half yearly loss for Victory indicates that reinsurance losses should not get out of band. The sbare price rose 12p to 253p on the results and given an anticipated total dividend of 9p, the yield is 5.1 per cent.

Electric and General ahead

Gross revenue of Electric and General Investment Company for the three months to August 31, 1980, sbowed a rise from £232,662 to £333,508.

Net profit for the period increased to £167,840, against £110,155, after tax of £113,539 (£54,295).

Stated earnings per 25p share are 0.93p, including some exceptional items of income, against 0.61p. Nat asset valua is givan as 133.1p (110.6p).

No dividend from Shaw and Marvin

SHAW AND MARVIN, the Nottingbam merceriser, dyer and manufacturer of knitwear, suffered a pre-tax loss of £203,517 in the year to Marcb 31, 1980. The company made profits of £43,232 in the previous year. Turnover rose by £145,363 to £2.13m.

No dividend is being paid—last year's final was 0.35p net. Following a tax credit of £71,597 (debit £22,000), there is a loss per 10p share of 8.795p (earnings 1.415p).

Mr. S. Coorsb, the newly appointed cbairman, says there is, at present, an indication of an upturn in trade resulting in the company holding an improved order book. This will, hopefully, enable him to report more favourably in the next accounts.

At the interim stage when the company reported a pre-tax loss of £45,312 compared with profits of £4,960, the former chairman, Mr. C. A. Goocb, said a severe downturn in demand, together with a vigorous appraisal of bad debts, themselves eggravated by the high cost of money, had resulted in the loss.

British Mohair has £1m setback

IN REPORTING a pre-tax loss of £167,800 for the half-year to June 30, 1980, the directors of British Mohair Spinners, comber, dyer and spinner, pinpoint four external factora which contributed to this reault.

They say there was a substantial fall in the price of mohair; the continued strength of the pound; high interest rates; and the effects of inflation in the UK.

In the corresponding six months of last year, the group had pre-tax profits of £915,000. Turnover this time rose marginally from £13.09m to £13.2m.

The board says results for the next six months will be largely dependent on the extent to wbich profits continue to he affected by tbe above factors. At tbe present time there is no indication of any return ta normal levels of activity, and until there is a revival in world demand, business will remain very difficult.

"Because of saasonal availability, it is necessary to buy mohair in advance of requirements, but since the end of last year the price of this raw material has fallen by over 35 per cent—an nnusually large fall in the period under review. The board bas revalued its unsold stocks at market price and, as a resnlt, group profits for the balf-year bave been reduced by £400,000.

The pre-tax loss is after interest charges up from £149,100 to £285,700. No tax was payable compared witb £475,800 last time. There was an extraordinary debit of £48,600 (nil). The interim dividend is virtually unchanged at 0.96p net (0.9581p) —last yaar's total was 3.7692p from pre-tax profits of £1.52m.

Exports increased both in value and volume, but the strong pound, says tbe board, continues to seriously erode profit margins. In tbe bome trade, subsidiaries produced creditable results.

Import penetration, however, is making a profound impact on textiles.

The board continuea to pursue a vigorons policy of cost reduction and will achieve improved prodnctivity through a further rationalisation programme which was started earlier this year. This action is of vital importanre to the future prosperity of the company, they say.

● **comment**

It is fairly obvious that yielding 18.5 per cent historically at a new anoual low of 30p, British Mohair Spinners is not expected to hold the final dividend. Indeed, given the difficulties of the first half, maintenance of the interim payment must be seen as something of a matter of faith. The market for mohair has by no means stabilised as yet and the group is so far staying ont of tha South African autumn auctions. Yet the mohair price has fallen some 60-70 per cent from the corresponding levels this time last year which points emphatically to the worldwide slump in demand. Plainly, British Mohair must enter the auctions at some point before the buying season ends in November but it will not know until very close to the end of the year wbether demand will show any sign of a revival. The fashinn elemant in this type of specialised textile business cannot be ignored any more than tbe close limits of the buying season and the attendant fluctuationa in stock values. As it is, the rationalisation programme has not been sufficient to alleviate the effects of the severa woollen textile recession and the benefits of diversification—worth about 40 per cent of total profits for the past year or so—have been beavily masked. ATC has been quiet now since about April and it is clear that the market is ignoring the lingering speculative possibilities.

19% rise by Burns Anderson

SECOND HALF pre-tax profits of Burns-Anderson, the industrial holding group, rose from £564,472 to £656,359, and figures for the full year to June 30, 1980 advanced by 19 per cent from £857,272 to £1.02m. Turnover for the 12 months was np from £26.08m to £29.2m.

After tax of £298,993 (credit £33,899) profit attributable was £724,366 compared with £891,171. The final dividend is 1.4p for a total of 2p (1.68p) and dividends absorb £225,911 (£185,097).

Net earnings per 10p sbare are 6.5p (8.1p) and the net asset valne per share is given as 41.1p (36.5p).

There was an increase in short-term deposits from £1m to £1.8m.

Epicure up to £0.7m-pays 1.25p

An increase of 42 per cent in taxable profits, from £495,000 to £705,000, is announced by Epicure Holdings for the year to end-June, 1980. Sales were 34 per cent ahead at £9.24m, compared with £6.91m.

At the interim stage there was a pre-tax surplus of £303,000 (£208,000)—a rise of almost 50 per cent—with the improvement broadly spread tbrougbout all divisioos.

Commenting on the year's figures, chairman, Mr. R. J. Brealey, says there were strong profit advances ln the property investment, financial and construction industry service sectors.

The final dividend is increased from 0.67p to 0.85p, which makes the total for tbe year 1.25p net, compared with 1p last time. The chairman is waiving his dividend entitlement for the year.

The disposal of Lincoln Woodworking in March, 1980, bas reduced the group's bank borrowings by £700,000 and at the year-end, the total bank overdraft was down to £70,000, compared with £1.36m at the end of the previous year.

The results for the year include losses incurred in the half-year by Lincoln Woodworking.

A revaluation of the group's properties has produced a surplus of £2.3m and reserves show a rise of more than 300 per cent and stand at £4.14m.

After a tax charge of £48,000 for the year (£48,000 credit) stated earnings per 5p share were up from 2.37p to 2.95p.

Minorities took £70,000 (£72,000) but there was a credit from extraordinary items, less tax, amounting to £323,000 (£165,000). Profit retained sbowed a rise from £554,000 to £809,000.

The extraordlnary items for both years were from profits on the sale of subsidiarles and other assets as part of the streamlining of the group, less expenses on the acquisition of a subsldiary.

Epicure's principal activities include botels, construction industry services and property investment and financial services.

Tribunal says Government must reply to Laird within a month

AN OFFICIAL tribunal bas told the Government to reply within a month to Laird Group's claim for higher compeosation for its shipbuilding activities which were nationalised in 1977.

The Department of Industry bad asked for a further extension to November 6, but the Aircraft and Shipbuilding Industries Arbitration said it could only have until October 17, with no more time to be allowed after that.

Laird bas been offered £500,000 and has bad £400,000 on account. But its claim, prepared by stockbrokers Cazenove, is for £5m; this represents half the estimated value of Cammell Laird, wbich was half owned by the Government.

Earlier this year, Laird accepted compensation of £3.75m for another of its nationalised companies, Scottisb Aviation. General Electric Company and Virkers have accepted £95m for their aerospace interests, but are likely to take the matter further.

Mr. David Dow, Laird's commercial director, said it did not intend to present any further counter-arguments once the Department had given its written answer to the company's application statement.

"We'll cut the Gordian knot," he said. Further arguments would merely delay the wbole process. The next step, therefore, would be a final hearing before the three-man tribunal to deride on a compensation figure.

Also putting its case before the tribunal is Virkers, wbose nationalised sbipbuilding interests were given a compensation vale of £11.6m by the Government. The group has not said how murh more it is rlaiming.

ARTHUR WOOD WARNS ON YEAR

First-half 1980 taxable profits of Arthur Wood and Son (Longport), earthenware manufacturer, went ahead from £20,500 to £23,700 on turnover of £1.18m against £1.09m.

Because of a shortage of orders, say the directors, some workers bave heen made redundant and otbers are working a three-day week. They say it will take the group "all its time" to equal last year's profit of £158,480.

Tax for the first six months took £12,200 (£10,500).

Phicom profit tumbles to £0.43m

AFTER MUCH higher interest charges of £617,000, compared with £260,000, taxable profits of Phicom, light engineer, data and video communications and scientific instruments, tumbled in the first half of 1980 from £1.03m to £428,000.

There were also extraordinary losses during the period amounting to £300,000 relating to the closure of certain unprofitable activities and exchange losses. The directors warn that these extraordinary losses will be greater by an amount not yet fully determined for the full year.

However, they are maiotaining the interim dividend at 0.45p net. Last time a final of 0.55p was paid from taxable profits of £1.12m.

After a reduced tax charge for the six months of £141,000 (£225,000) stated earnings per 10p sbare are down from 2p to 0.7p. Turnover was marginally higher at £17.73m (£17.42m).

The directors state that despite considerable improvements by the data communications and light engineering divisions, compared with both the first and second halves of 1979, the profit as a whole at the operating level was lower than that for the same period last year.

The instruments division was hit by Japanese competition and by the effects of Government cash limits on sales in Townson and Mercer. The video communications division faced a substantial reduction in demand in the aftermath of the independent television strike due to specific problems within the industry and to the difficult economic situation.

Contracts have been exchanged for the sale of a newly-built factory on leasehold land and the net extraordinary profit arising in the second half will amount to approximately £500,000.

The decision to dispose of the factory for Bryans Southern Instruments, for which additional production space has been obtained alongside the present factory, will bave the effect of reducing short-term borrowings by some £1.5m.

It is also planned to dispose of the remainder of the site occupied by Townson and Mercer. The production and administration offices of this company have been moved to the Runcorn factory of Shandon Southern Products. The sale of the site will further reduce borrowings.

The publication of the final accounts will be delayed by one month owing to the inclusion of current cost accounts. The preliminary announcement will be made towards the end of March, 1981.

The group's ultimate holding company is Multi-Purpose Holdings Bhd. (Malaysia).

LONDON TRADED OPTIONS

Option	Exercise price	Oct. Closing offer	Vol.	Jan. Closing offer	Vol.	April Closing offer	Vol.	Equity close
BP	360	15	1	36	10	55	1	355p
Com. Union	140	38	35	44	—	48	—	178p
Com. Union	180	6	—	15	6	12	—	,,
Cons. Gold	460	155	16	165	—	-	—	510p
Cons. Gold	500	115	5	133	2	153	—	,,
Cons. Gold	550	64	109	95	27	118	—	,,
Cons. Gold	500	37	68	65	65	23	7	,,
Courtaulds	70	8	—	5	16	9	—	60p
Courtaulds	90	½	109	1½	—	—	—	,,
GEC	390	150	4	170	—	—	—	550p
GEC	460	80	—	105	—	123	—	,,
GEC	500	47	19	73	—	23	—	,,
GEC	550	12	68	45	5	63	5	,,
Grand Met.	180	6	—	15½	—	21	5	187p
ICI	330	32	1	50	—	58	—	354p
ICI	360	12	2	39	—	36	3	,,
ICI	390	5	—	16	2	25	—	,,
Land Secs.	355	47	—	64	10	—	—	390p
Land Secs.	390	18	—	32	1	66	5	,,
Land Secs.	420	6	—	25	16	52	—	,,
Marks & Sp.	110	4	—	8	10	14	—	107p
Shell	390	30	10	48	—	61	—	412p
Shell	420	17	1	32	1	45	—	,,
Totals			452		193		26	
		November		February		May		
Imperial Gp.	70	14	10	17½	—	—	—	81p
Imperial Gp.	90	2	19	5½	65	7	—	,,
Lonrho	84	26	2	30	—	—	—	107p
Lonrho	90	—	—	—	—	28	4	,,
Lonrho	94	16½	14	22	—	—	—	,,
Lonrho	104	10½	66	15½	—	—	—	,,
Lonrho	110	—	—	—	—	14	1	,,
Lonrho	114	4¾	79	10	5	—	—	,,
P. & O.	130	7	—	10	1	16	—	127p
Racal Elec.	260	80	11	90	—	—	—	326p
Racal Elec.	280	60	5	74	—	26	—	,,
Racal Elec.	300	43	10	60	—	71	2	,,
Racal Elec.	330	23	7	41	—	53	—	,,
Racal Elec.	360	10	5	25	11	39	—	,,
RTZ	330	170	1	—	—	—	—	488p
RTZ	360	140	12	158	10	—	—	,,
RTZ	390	110	2	128	—	—	—	,,
RTZ	420	82	—	105	—	122	1	,,
RTZ	460	50	11	78	—	92	2	,,
RTZ	500	22	179	57	1	72	—	,,
Totals			433		35		10	

Companies and Markets

UK COMPANY NEWS

Berwick Timpo runs into loss but holds interim

INTENSIVE DESTOCKING by retailers, coupled with higher interest costs, led to Berwick Timpo, the toy making and marketing group, incurring a taxable loss of £287,641 for the first half of 1980, compared with a profit of £413,635 previously. Sales fell from £6.35m to £4.29m.

However, the interim dividend is maintained at 2p net. Last year a total of 6p was paid from pre-tax profits of £1.52m.

Mr. J. D. Oakley, chairman, says that while it is impossible to predict the full-year profit level, orders received so far by operating companies are 11 per cent ahead of last time in money terms and gross margins have been maintained.

The group is well placed to take maximum advantage of any improvement in trading over the important Christmas period, he adds.

The group's financial position is sound and an aggressive development programme in all companies is being continued to ensure strong product ranges for 1981.

During the first half intensive destocking by retailers caused delivery dates to be extended beyond that which is normal in the industry. This resulted in a large reduction in invoiced sales —22 per cent down in volume allowing for the two closed companies—and the results were further affected by a £170,000 rise in interest charges.

A large amount of clearance of obsolete stock by the industry during the period meant the group was unable to obtain the prices it estimated for the inventories at the two subsidiaries closed last year.

Disposal of these stocks also took longer and therefore closure costs were higher than expected, leading to an extraordinary debit of £200,000 net.

There were stated losses per 25p share of 2.48p for the period, against earnings of 3.55p. After a tax credit of £149,573 (£215,090 charge) and the extraordinary debit, losses totalled £338,068 (£198,545 profit).

As part of the development programme, the group has recently formed a subsidiary—Clipper International—on a basis that will allow quality toys from world-wide sources to be brought on to the UK market.

• comment

The next couple of months will be a testing time for Berwick Timpo. Christmas orders have been slow in coming, with the buying levels traditionally seen in July and August only now materialising. The order book is 11 per cent ahead in money terms, perhaps 6 per cent behind in real terms, and the signs are that Christmas will be an unexciting business. The doubling of interest charges to some £340,000 reflects the effect of sluggish sales on the overdraft which is only now coming off its £4m peak—to what in a normal year would be zero by the year end. For the full year, if consumer spending does not wildly undershoot expectations, a modest profit of half to a million pounds looks in sight. With the shares down 3p at 55p, the yield tops 16 per cent assuming a maintained final. The prospective p/e, shooting for the middle of the range, is 8.3.

Trafford Park rises to £1.52m

PRE-TAX profits of Trafford Park Estates, the indusrial and commercial property developer, improved from £1.13m to £1.52m in the year to end-June, 1980. At midway, the taxable surplus was ahead at £705,409, against £547,192.

Turnover for the year showed a rise from £3.56m to £4.82m—the rentals side contributing £2.24m (£1.89m), and warehousing and trading £2.58m (£1.67m).

The directors are raising the total dividend to 6p net (4.96p) with a final of 3.75p.

After a higher tax charge of £581,617 (£330,151), stated earnings per 25p share are lower at 8.27p (8.88p).

Attributable profit showed a rise to £883,820, compared with £763,463, after deducting outside interest in subsidiaries. Extraordinary credits, not included in the figures for the year, amounted to £58,033 (£131,004 debit).

Dividends absorbed £640,782 (£483,615).

Warning from B. Elliott as UK orders decline sharply

MACHINE tool group B. Elliott does not expect to match last year's profits after a sharp downturn in UK orders so far this financial year, chairman Mr. Mark Russell told yesterday's annual meeting.

He said that all of Elliott's home companies were being adversely affected by the continued decline in engineering activity. Although the total world order book fell by only £1m to £39m in the first five months of the year, UK orders were down to £16m at end-August from £23m a year ago.

"Making allowance for inflation," he added, "this is a decline in real terms of approximately 40 per cent." Export business, however, had been maintained and orders of over £5m had been obtained in the last few days.

Mr. Russell told shareholders that the overall contribution from overseas companies was continuing to grow, with the South African group performing especially well in difficult conditions.

Elliott, which lifted pre-tax profits from £9.4m to £11.4m in the year to March 31, 1980, has already slimmed down many of its UK operations, with numbers employed down by around 300 people or 10 per cent of the total.

The company has announced the closure of its Peterborough standard machine tool factory, were the workforce has been substantially reduced, by the end of the year.

English Assocn. wants higher borrowing limit

At its annual meeting on October 10, the English Association of American Bond and Shareholders will propose the subdivision of the £1 shares into 25p shares and a substantial increase in borrowing powers.

The present borrowing limit is £4.15m; but under the new proposals—25 times the capital and reserves—this will be pushed up to £51.83m. The move is designed to accommodate the group's business as a licensed deposit taking institution and its other activities.

The company's name is to be changed to English Association Group.

Mr. A. C. Parsons, chairman, says in his annual statement that the new financial year has begun satisfactorily and he believes the group will continue to progress.

JOHN BROWN

John Brown and Company has purchased £164,200 of the 6½ per cent debenture stock 1984-89 for redemption. The amount now outstanding is £2,213,922.

Armitage Bros. down to £116,000 halfway

Pre-tax profits of Armitage Brothers, Nottingham-based pet product manufacturer, fell from £277,000 to £116,000 in the 28 weeks to July 12, 1980, and in the current difficult trading conditions, the Board is unable to indicate the likely result for the year.

Difficult trading conditions should also be expected for 1981, the directors add.

Home sales started to decline during the latter part of March and since then have remained at a depressed level. Sales are normally at their highest in the final quarter but at present there has been no indication of a sustained upturn.

In 1979, the group increased sales from £7.26m to £8.64m and pre-tax profits were up from £495,000 to £586,000.

Export sales have remained relatively strong, but are now being affected by the continued strength of sterling. Margins have been under continuous pressure during the period and the Board says it has been commercially impracticable to maintain the levels previously achieved.

Economies in operation have been and will continue to be made. Short-time working has been introduced at the manufacturing subsidaries and some redundancies have been necessary.

Wholesale operations in Scotland have been rationalised with the closure of existing warehouses at Edinburgh and Glasgow which have been replaced with a single larger one in Edinburgh.

Westminster & Country climbs to £0.43m

A massive 142 per cent increase from £177,000 to £428,000 in pre-tax profits is reported by Westminster and Country Properties, the property investment and development company, for the year to April 30, 1980. Turnover rose from £1.25m to £2.3m.

Mr. D. B. Parkes, the chairman, says the group's concentration on increasing rental income and the emphasis on commercial and industrial development has produced results better an envisaged. Net rental income improved by 46 per cent to £247,000.

He says the current year is proceeding satisfactorily.

There was a tax credit of £62,000 (£239,000), leaving profits of £490,000 (£406,000). The final dividend is doubled from 1p to 2p for a total of 3p (1.5p) which is 0.5p better than forecast. Dividends absorb £99,000 compared with £50,000.

Centreway to invest in North America

Mr. A. J. Cross, chairman of Centreway, says in his annual report that the group has resolved to broaden its geographical base by commencing a programme of investment in North America over a number of years.

An office has been established near New York and staff recruited to appraise investment opportunities. He says investments are likely to be made in manufacturing industries with attractive prospects, and may well be made on a consortium basis in concert with other UK investors.

One small investment has already been made and negotiations are proceeding in several other areas.

At home, the current year has begun satisfactorily for Edge Shoes, but order levels have fallen significantly during the last two months as a result of the general recession in retail trade. Accordingly, a substantial fall in profitability in the current year seems inevitable, he says.

The heavy investment of recent years in updated plant and equipment at the Hermetic Rubber Company has begun to have a material impact on the development of this company. Despite external difficulties. Arising from strikes and recessionary trading conditions, sales and profits advanced and the prospects for the current year are satisfactory.

As known, Centreway's pre-tax profits for the year to March 31, 1980, were £1.38m (£1.56m) on sales of £28m (£10.8m).

Meeting, Birmingham, October 9, 12.30 pm.

ALBANY TRUST AHEAD MIDTERM

Gross revenue of Albany Investment Trust rose from £83,091 to £101,427 in the half year to August 31, 1980, but the increase, which represents an improvement of 22 per cent, is not expected to be maintained for the full year, say the directors.

The interim dividend is 0.6p (0.55p) net—last year's total was 1.92p, including a non-recurring payment of 0.27p.

Net asset value per share amounts to 50.9p (43.36p).

INTERNATIONAL COMPANIES and FINANCE

Rapid advance maintained by Price Waterhouse

BY IAN HARGREAVES IN NEW YORK

PRICE WATERHOUSE, the large international accounting firm, continued to expand rapidly during the past year, increasing net income by 20 per cent to $154.8m and worldwide revenue by 18 per cent to $751.5m.

The income figure is the sum, before taxes, allocated to active partners, taking average net income peractive partner in the fiscal year just ended to $134,500, up 13 per cent.

Although much of this dollar growth is a straight product of inflation, the firm also reported yesterday that the chargeable hours of services booked last year rose by 4 per cent to 24.3m. The number of active partners last year rose by 7.4 per cent to 1,487, with the firm's total payroll reaching more than 22,300.

The biggest growth sector, however, was not traditional auditing, but tax services, which accounted for 18 per cent of the firm's client hours, compared with 16 per cent the year before. Auditing represented 77 per cent of client hours(down from 81 per cent.

Price Waterhouse is one of the few large accountancy firms which make public any figures about their finances. One reason is that the practice enables the firm to use the platform of its earnings statement to raise national policy issues about which it is concerned.

Yesterday's release was accompanied by a long statement by Mr. Joseph Connor, the chairman, about the need for U.S. fiscal policies more attuned to business's need to finance capital projects. Mr. Connor also argued that inflation, government regulation and government neglect "threaten small business with extinction."

Occidental to buy Firestone division

By Our New York Staff

OCCIDENTAL PETROLEUM has agreed to buy the plastics division of Firestone Tire and Rubber for about $200m.

The announcement came after several days of speculation about its negotiations with Occidental and a number of other interested bidders, including the German group Chemische Werke Hüls. Firestone, which has run up losses of $98m so far this year, is in need of cash as it completes a restructuring programme which has involved numerous plant closures and heavy lay offs in its tyre division.

Firestone said it expected the deal, signed yesterday, to be implemented by the end of the year. The plastics division makes pvc resins and vinyl film and sheeting.

Occidental is the parent company of Hooker Chemical which has annual sales of around $2bn.

Crouse-Hinds turns down $490m Internorth bid

BY PAUL BETTS IN NEW YORK

THE BOARD of Crouse-Hinds, a U.S. manufacturer of electrical construction materials with net sales of $372.3m last year, yesterday rejected a $490m takeover bid by Internorth, an energy holding company based in Nebraska with gross sales of $2.5bn last year.

Internorth made an unsolicited tender offer last Friday of $40 a share for 6.7m shares of Crouse-Hinds, which would give it a 54.6 per cent controlling interest in the Syracuse-based concern.

Crouse-Hinds directors said yesterday that the offer was "inadequate." They added that they proposed going ahead with Crouse-Hinds's own tender offer for a Belden Corporation of Geneva, Illinois, an electrical products manufacturer.

Good quarter at A T & T

BY OUR NEW YORK STAFF

AMERICAN TELEPHONE and Telegraph yesterday reported an 8 per cent improvement in third quarter earnings to $1.59bn, but said that it was too early to tell whether the increase signalled a return to the company's historic profits growth trend.

The company, which is in the process of splitting itself into two units, one for telephone service and the other for manufacturing and sales, said that revenue in the period rose by 11.3 per cent to $12.8bn. For the 12 months to end August, the company had net income of $5.8bn, on sales of $48.7bn, compared with $5.5bn on sales of $43.9bn in the corresponding 1978-79 period.

Mr. Charles Brown, the chairman, said that the higher earnings were a product of "effective management."

Pao takes chair at HK Wharf

BY OUR HONG KONG CORRESPONDENT

SIR Y. K. PAO, the shipping magnate, was installed yesterday as chairman of Hong Kong and Kowloon Wharf, the large property holding concern in which he boosted his shareholding to 49 per cent in June, in a much publicised battle with Hongkong Land for effective control.

Other changes to the Board are that his predecessor, Mr. David Newbigging, who is also chairman of Jardine Matheson, steps down, along with two other directors. Five new appointees take their places, including three who are directors of other of Sir Y. K. Pao's companies and Mr. Trevor Bedford, the executive director of Hongkong Land.

The changes are more extensive than were expected last month, when Mr. Newbigging announced his intention to resign and the stock shot up sharply —both on relief that the takeover conflict was finally over, and on the hope that Sir Y. K. Pao would make the Wharf more active and profitable.

But Sir Y. K. Pao said yesterday that he had no immediate plans for changes and that his only intention was to "do my best to make more money for Wharf." However, he dispelled fears that had been voiced here that he would strip assets to help reduce the debts he incurred in June when he paid more than HK$2bn for 20m shares of Wharf. "That had nothing to do with the Wharf company," he said. "How could I ask the Wharf company to pay my personal debts?"

Sir Y. K. Pao did not rule out the possibility that he might transfer the 20m shares into his listed shipping company, World International Holdings, as he did in April with the 30 per cent stake of Wharf that he had amassed at that time. But he had no imminent intention of doing so, he said.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	16.9.80	9.9.80	AVERAGE YIELD	16.9.80	9.9.80
DM Bonds	95.49	96.11	DM Bonds	8.513	8.392
HFL Bonds & Notes	93.24	93.92	HFL Bonds & Notes	9.986	9.861
U.S. $ Strt. Bonds	87.97	87.98	U.S. $ Strt. Bonds	11.670	11.666
Can. Dollar Bonds	89.70	90.15	Can. Dollar Bonds	12.112	12.085

Jacques Borel sells hotel chain to Novotel

By David White in Paris

JACQUES BOREL INTERNATIONAL, which has been struggling with losses for the last four years, has found a buyer for the luxury hotel chain which was the main cause of its troubles.

The Sofitel group, which Jacques Borel bought at the height of its success in 1975, is being taken over by the country's largest three- and two-star hotel concern, Novotel.

The deal will create what is claimed to be the world's ninth largest hotel chain in terms of the number of rooms, and one of the most widely represented internationally. Novotel currently operates 232 hotels and has 33,000 rooms already available or under construction.

Sofitel, with some 6,500 rooms in 55 hotels, is France's largest operator in the four-star category. Its range was widened last year when it took over control of an overseas chain, UTH, belonging to the private sector French airline UTA.

Fifty per cent of Sofitel is to be acquired in exchange for a 10 per cent stake in Novotel's capital which is to be increased. A further 38.2 per cent is being bought from Jacques Borel International for about FFr 61m ($14.7m).

Novotel is offering the same price of FFr 202.55 per share to minority holders of 1.8 per cent of Sofitel shares.

Almost three and a-half years after M. Jacques Borel quit the company he founded, Jaques Borel International has thus washed its hands of hotel management, although it will retain a financial interest in the sector through the remaining 10 per cent stake in Sofitel plus 10 per cent of Novotel.

The deal means that the company, which cut its losses last year from FFr 99m to FFr 29m, will be back in profit this year on both parent company and group level, according to M. Bernard Treizenem, the chairman.

Sofitel suffered a loss of FFr 15m last year, and its UTH subsidiary had a loss of FFr 300,000 on combined turnover of FFr 395m. This year's operating loss is expected to be FFr 17m.

Jacques Borel International, in which W. R. Grace of the U.S. has a 10 per cent stake, will be left with a turnover of around FFr 2.9bn, coming from its traditional activities, mainly canteens, motorway restaurants and a luncheon voucher scheme.

The company is planning to raise FFr 100m in equity before the end of the year. Together with the FFr 61m from the Novotel deal, also due by the end of the year, this is seen as providing a final solution to its balance-sheet problems, permitting a reduction in long-term debt.

BANK OF ENGLAND ANALYSIS

Lower trend for Eurocredit spreads

BY PETER MONTAGNON

SPREADS IN the medium-term Eurocredit market may be on an underlying downward trend. This is one of the main conclusions of a commentary on the market published by the Bank of England in its latest quarterly review.

The commentary argues that the substantial expansion of this market during the past decade has been much more the result of innovations in international banking rather than simply increased demand for credit. International financial markets have broadened and become more competitive, it says, with the result that the innovations themselves have encouraged faster market growth.

An increased supply of funds to banks in the Euro-currency market may also have augmented the supply of loans, although the expansion of syndicated lending in the early 1970s preceded the large accumulation of balance of payments surpluses by oil producing countries.

Simultaneously, however, the relaxation of capital controls prompted banks to diversify their asset portfolios by increasing international lending at short term and longer term, in their own and other currencies. The resulting competition implies a basic downward movement in spreads, at least until the banks' portfolio adjustments have been completed.

The commentary makes no attempt to determine how long this process will continue, but for the shorter term it does suggest that the "borrowers' market" which has been in evidence since 1978 does seem to have ended for all except the most highly rated borrowers.

This borrowers market, together with a similar phenomenon in 1973-74 and the lenders market of 1975-77, are characterised as being due to short-run changes in conditions in the syndicated credit market.

The underlying downward path of spreads has, however, made a significant contribution to the volume of syndicated lending. Recent empirical work by Bank of England economists suggests that changes in spread exert a greater influence on loan demand than changes in Libor even though the latter can have a much greater impact on a borrower's overall costs.

The authors of the article stress the tentative nature of their findings. Further research is needed, they say, on the linkages between syndicated lending and its competing domestic and international markets. But the commentary does also pinpoint some other factors influencing the relative movement in spreads.

For example, the Bank's research suggests that perception of country risk and the competing attraction of returns available on domestic lending do influence bank willingness to lend and therefore spreads, whereas funding risk does not.

The study showed that the development of the three-month Eurodollar rate did not prove to be a significant factor in explaining spread movements. This is an interesting conclusion in view of apparent statistical evidence of falling spreads at a time of rising Libor and rising spreads when Libor falls.

The Bank suggests that any such relationship cannot be casual and must be related to other factors which impinge on both spreads and Libor. One such factor may be the reaction of banks to U.S. monetary policy. An expansionary U.S. policy will both increase liquidity, prompting lower spreads, and help to push up interest rates because of heightened inflationary expectations.

Another argument, which attributes the inverse movement to a common cause, is that lending to deficit countries becomes increasingly risky during a global recession when interest rates are falling, and spreads therefore rise.

Finally, the Bank's research suggests that an increase in non-bank deposits as a proportion of international banks' total liabilities does lead to a significant fall in the level of spreads. A corollary of this is that banks do not simply adjust their liabilities to accomodate loan demand at a constant level of spreads.

High yield for latest Australian Eurobond

BY FRANCIS GHILES

A *DM 200m* private placement for Australia was launched yesterday by Deutsche Bank. This issue, which has a bullet maturity of seven years, includes a coupon of 8¼ per cent. If the ¼ per cent selling group discount is taken into account, the paper yields 8.35 per cent, which is above those on other outstanding bonds for the same borrower.

The terms offered on this latest issue for Australia suggest that prime names are having to offer yields about 30 basis points higher than two months ago. Prices of seasoned issues edged up by about ¼ of a point across the board yesterday.

The next *French* franc denominated Eurobond is expected to be launched for CIT-Alcatel later today. This company is the telecommunications unit of the Compagnie Generale d'Electricite and the bond will be the first Euro-convertible in this currency. The initial amount of the issue, to be led by Societe Generale is expected to be FFr 180m.

Meanwhile the FFr 120m five-year bond for Tradinvest Bank and Trust Company of Nassau, which is guaranteed by ENI and carries a coupon of 13¾ per cent, was priced at par yesterday by Caisse des Depots et Consignations. Other lead managers include Dean Witter Reynolds and Societe Generale.

The French franc sector has been more stable than most in recent weeks, though activity has been subdued. Prices have slipped since the beginning of the week because of the rise in French money market rates.

Prices were virtually unchanged yesterday in the dollar sector of the market where both the Eurobond and the New York bond markets appeared to be waiting for the result of the U.S. Treasury bond auction. The $25m convertible issue for Jaccs, which carries an indicated coupon of 7¼ per cent, is expected to be priced at par by Yamaichi today, 24 hours ahead of schedule because of good demand.

Meanwhile, the $25m floating rate note for the Republic of Panama, which includes a minimum coupon of 6¼ per cent, has been priced at par by the lead managers Yamaichi, First Chicago Asia and Singapore Japan Merchant Bank.

The Nordic Investment Bank entered the U.S. commercial paper market for the first time, raising a little more than $10m in paper issued on the first day as part of a $30m funding programme. The bank was given top ratings from both leading U.S. agencies, Moody's and Standard and Poor's. The issue is being arranged by Salomon Brothers.

Terms set for South Africa's $250m credit

By Our Euromarkets Staff

FINAL CONDITIONS have now been set for the $250m Eurocredit sought by the Republic of South Africa. The credit will bear a margin of ⅞ per cent for the first two years, rising to 1 per cent for the remaining five. There will be a three-year grace period.

At first sight, the terms are somewhat more attractive than those on another $50m deal which has been launched by Escom, the electric utility, with a Republic guarantee. This is lead managed by Kredietbank International and CCF and bears a margin of ⅞ per cent for the first three years and 1 per cent for the remaining two.

Normally, a sovereign borrowing would be expected to attract finer margins than a public sector financing with a state guarantee. That the opposite has happened in this case is above all a reflection of the longer maturity of the Republic deal, Euromarket bankers say.

At the same time the Republic credit has been established as a critical test of South Africa's name in the euromarkets. It is set to be widely syndicated and a warm response is considered vital if South Africa is to step forward more openly as an international borrower.

The lead managers have stressed that proceeds of the credit are to be used to finance black housing and education projects.

The $250m credit has thus taken on some of the trappings of a public relations exercise. The lead management group has been carefully selected to cover a wide geographical spectrum of banks and includes Dresdner Bank, Barclays, CCF, Citicorp and UBS.

A second tier management group is now being formed and it is understood that the aim is to achieve a similar number of banks from a similar range of countries. Two banks have already accepted and three others are considering the invitation, although names are not being revealed at this stage.

Managers will receive fees of ⅛ per cent plus an underwriting fee. Meanwhile, the credit should be put into general syndication fairly soon, probably before the end of the month.

Elsewhere, Tokai Bank has joined the lead management group for the $150m credit for Siderbras of Brazil. It is the ninth bank to do so after Chemical Bank and Bank of America earlier joined the original group of six lead managers.

The result is that the lead managers' underwriting commitment has been reduced to $15m each from an original $25m. A further $15m was taken from the market in syndication.

Steady growth for Gelco

By Our Financial Staff

GELCO, THE vehicle leasing group, earned $38.4m or $5.64 a share in fiscal 1980, compared with $26.9m or $3.94 a share in the previous year. Sales increased from $41m to $652m. Mr. Bud Grossman, the chairman, said all divisons expect further improvement in 1981.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on September 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bril. Oxygen. F. 10¾ 90	50	84¼	84¾	+0¼	−1¼	13.72
CECA 11½ 88	100	94	94½	−0½	−1½	12.68
Citicorp O/S Fin. 10 86	300	90½	91	+0¼	−0¾	12.30
Con. Illinois O/S 9¾ 86	150	88½	88	−0¼	−0¾	12.58
Denmark 11¾ 90	100	92¼	92¾	−0¼	−1	13.16
Dome Petroleum 13½ 92	50	101¼	102	+0¼	0	13.18
EEC 11 95	75	87¼	87¾	+0½	−0¼	12.92
EEC 11 95	70	87¼	87¾	+0¾	−0¼	12.90
EIB 11¾ 92	80	91¼	91¾	+0¾	−0¼	13.21
EIB 13¾ 90	100	102⅞	103¼	+0¼	−0¾	13.13
Eksportfinans 11½ 87	50	94⅝	95¾	0	−0½	12.37
Eksportfinans 9½ 87	75	86⅞	87¾	+0½	+0¼	12.38
Elec. de France 10 98	125	87⅝	88⅜	−0⅜	−0½	12.45
Export Dv. Cpn. 12¾ 87	100	100⅜	100⅞	+0¼	−1½	12.62

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
R. Bk. Canada 10 86 C$	40	90¾	91½	+0¼	−1½	12.33
Tordom Cpn. 13½ 85 C$	30	99¾	100	−0¼	−0⅞	12.56
M. Bk. Dnmk. 9 94 EUA	25	93⅝	96¼	−0¼	−0½	9.82
SOFTE 8¾ 89 EUA	40	88½	90	+0¼	0	10.17
U. Bk. Nrwy 9½ 90 EUA	18	99¾	100⅝	+0¼	+0¼	9.48
Algemene Bk. 8¼ 84 Fl	75	95⅝	96⅝	−0⅛	−0⅛	8.54
Algemene Bk. 10¼ 87 Fl	400	99⅛	99⅝	−0¼	−0¼	10.34
Bk. Mees & H. 10 85 Fl	75	100	100⅝	+0¼	−0½	9.92
Heineken NV 10 87 Fl	75	99⅞	100⅝	+0¼	0	9.98
Norway 8¾ 84 Fl	100	96½	96¾	−0¼	−0¼	0.36
Philips Lamps 8¾ 84 Fl	75	95⅞	96⅝	−0¼	−0¼	0.63
Aero Paris 13⅞ 87 FFr	150	99½	100⅜	−0⅛	−0¼	13.14
Air France 11 84 FFr	120	96½	97¼	+0¼	0	12.17
CECA 14¾ 86 FFr	150	104⅞	105⅞	0	−0½	12.78
Finland 11 84 FFr	80	93½	94½	0	+0¼	12.97
Finland 11½ 89 FFr	70	92½	93½	0	−0¼	12.84

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Inchcape Ltd. 8 95	2/81	4.56	107½	108½	+0½	−1.14
Meidensha Elec. 7 94	12/79	210	112	113¾	+1¾	−1.20
MEPC 8¾ 96	2/83	2.47	108½	109½	−0½	7.86
Mitsubishi Cp. 6½ 94	10/79	549.1	131½	133	−0½	−2.18
Ricoh 6¾ 95	8/80	604	103½	104½	+0½	1.92
S&C 6¾ 90	9/80	200	100½	101½	+0½	4.45
Toshiba Cpn. 7¾ 94	10/79	198	111½	112½	+1¼	−0.15
Union Bk. Switz. 5 89	2/80	121.4	99¾	101¾	+1½	0.31
Fujitsu 5 84 DM	7/79	475	111½	112½	−3	−2.04
Sharp Corp. 6½ 88 DM	6/80	595	109⅝	110⅝	+0½	−0.91
Uny Co. 6½ 85 DM	11/79	1071	96⅝	97¾	−0½	21.47

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Honeywell Bull forecasts early return to profits

BY TERRY DODSWORTH IN PARIS

CII HONEYWELL BULL, the French computer company, has pulled out of the losses which hit its performance in the first half of this year and is now confidently predicting a profitable outcome for the whole of 1980.

While M. Jean-Pierre Brule, the chairman, refused yesterday to give a firm forecast of the final figures, be stressed that tha company was well on the way to overcoming the delivery problems encountered earlier in the year. Turnover, be said, would grew roughly in tha same proportion as the 15 per cent achieved last year, when the group announced sales of FFr 5bn ($1.2bn).

CII puts the blame for its difficulties on component shortages which have made it impossible to meet its delivery programme. With orders mounting rapidly—more than 30 per cent up on last year—but a widespread component shortage, caused partly by heavy buying by IBM, the company's delivery time for medium to large computers has slipped to one year, and for small products to about eight months. The target next year ia to rednce this delay to about eight months for big computers and four mooths for small ones.

To meet increasing demand, CII is taking on extra staff—it has hired 500 people this year—and ia stapplng up investment to FFr 1bn this year.

M. Brula added that talks with Olivetti, tha Italian office machines manufacturer, on co-operative projects were now well advanced. These discussions, which follow the staka taken in Olivetti by St-Gobain-Pont-a-Mousson, ultimately CII's main French shareholder, are directed at trying to identify products in wbich the two companies would be prepared to make a common investment.

Although M. Brule denied suggestiona that the two groups were planning to invest in a jointly owned factory, he said that various arrangements could be envisaged in the longer term. But in the immediate future it was a question of co-operating in areas of commoo interest, like key boards, discs, micro-computers and office working centres, where the companies could cut design and manufacturing costs by working together.

Franco-Spanish bank accord

BY ROBERT GRAHAM IN MADRID

FRENCH AND Spanish banking authorities have completed delicate negotiations to tidy up the collapse of a small Spanish bank in France.

Tha bank in question is the Banque Catalan de Developement, originally set up by Sr. Jaime Castell, a Catalan businessman now living in Switzerland. Ha also formed the group of interests surrounding Banco de Madrid and Cadesbank, two banks which had to be salvaged in May at a cost of more than $400m.

The collapse of Banque Catalan occurred in January this year. At the time the bank's debts were understood to be around FFr 30m. Senior Spanisb banking officials said yesterday that the collapse was related to property development in southern France in whicb Cadesbank was involved.

Depositors bave been safeguarded by a deposit guarantee fund. But tha Bank of France has been anxious that Spanisb banks sbould belp resolve Banque Catalan's problems. At first the Bank of France looked to Banesto for assistance, since it was Spain's leading bank and also held a 17 per cent staka in Banco de Madrid, the parent of Cadesbank. Banesto refused.

Negotiations between the Bank of France and the Bank of Spain enaued throughout July. This eventually led to the Spanish baoking authorities persuading Banco Exterior to take over responsibility.

It is understood that Banqne Catalan's eventual losses will be under FFr 15m. Tha bank's office in Perpignan is being closed, but its office in Paris will be retained.

New investment arm formed by Beijerinvest

By Westerly Christner in Stockholm

BEIJERINVEST, the Swedish trading, investment and industrial group, has formed an industrial investment company, Dacke Invest. The new company will be responsible for strengthening the gronp's international contract network. It is to have independent initial capital resources amounting to SKr 15m ($3.6m), exclusive of additional capital that could come from new shareholders.

Major shake-up at Ogem after heavy first-half loss

BY CHARLES BATCHELOR IN AMSTERDAM

OGEM, the Dutch trading, industrial and construction group, plans a sweeping reorganisation of its supervisory board and cbanges in the managing board. The move follows considerable losses suffered in the first balf of 1980.

The group reports a net loss of Fl 66.4m ($34m) in the first six months, compared with a profit of Fl 11.3m in the same period last year. Turnover fell to Fl 1.7bn ($876m) from Fl 2.9bn.

Expected losses on development projects and the considerably higher interest charges led to the move into the red. Ogem made an operating profit of Fl 21.2m before incidental items, compared with a profit of Fl 31.6m in 1979.

After incidental items, comprising largely provisions for activities wbich are being disposed of or shut down, and interest chargas, the operating loss was Fl 65.5m, compared with a profit of Fl 11m.

CREDIT SHOPS

Barclays and Seibu ready to go

By Richard C. Hanson in Tokyo

THE BARCLAYS BANK group'a joint venture consumer finance company in Japan, Midoriya Finance, set up earlier this year with the Seibu retailing group, will begin oparations next mooth with 28 credit shops throughout the country.

The Barclays Bank group owns a 45 per cent sbare in Midoriya, with members of the Selbu group holding the majority stake. The credit sbops are located in outlets of three of the Seibn cbains—Seibn Department Store, Seiyu Stores, and Parco—which bave a total of about 250 stores nationwide. Seibu is Japan's largest retailing group.

By the end of next year, Midoriya expects to have about 50 credit abops establisbed, with finaocing buainess of around Y5bn.

Midoriya Finance, in co-operation with Seibu Credit, which speclalises in credit sales, is aiming at the opper-middle end of the fast growing consumer credit industry in Japan. Initially, it plans to offer consumer loans to a restricted ranga of Seibu customers. Unsecured loans under Y300,000 (about $1,400) will be available generally, but loans from Y300,000 to Y2m will be restricted to highly rated bolders of Seibu credit carda for specific purposes (bome repairs, edncation fees, weddings, and so on).

The interest rates charged on both types of loans bowever will be uniform (around 28 per cent per annum). This makes Midoriya finance, sligbtly cheaper than that at the larger consumer credit companies in Japan, but above the rates charged by Citicorp Credit, a subsidiary of the U.S. bank, whicb charges 18 per cent for loans rangiog from Y300,000 to Y1m.

The main strength of the venture, bowever, is the large number of outlets it will eventually be able to tap, perhaps as many as 150 in three years.

About a dozen foreign companies specialising in consumer financing bave been allowed to open business in Japan over the past three years as part of the Ministry of Finance's effort to reform the domestic industry.

Keppel Shipyard share offer to fund expansion

BY GEORGIE LEE IN SINGAPORE

KEPPEL SHIPYARD, the oldest, and one of the largest, Singapore shiprepairing groups, is offering 30m sbares of S$1 par value for public subscription at S$3.30 per share.

The issue will raise some S$99m (US$47m) for Keppel and will belp to finance the shipyard's massive expansion plans. It will also eoable the group to seek listing of its shares on the stock exchange of Singapore.

Keppel's existing issued capital is 90m shares of S$1 par value each, including 20m abares from a bonus issue. The bonus issue, wbicb was approved last week, capitalised S$20m from the company's share premium account which stood at S$20m at end June 1980. The new offar will raise Keppel's issued capital to S$120m.

Net tangible assets of the group are estimated to reach S$2.90 per share after the issue. The group reported pre-tax profit of S$42.4m for the year ended December 1979 and S$35.1m for tha balf year ended June 1980.

Keppel bas forecast that its second balf year profit will ba maintained at the same level as the first balf.

The group also expects to maintain its last year's gross dividend rate of 15 per cent on the enlarged capital in the current year. Keppel, which was formed mora than a century ago, is presently wholly owned hy the Singapore government. For the past five and a balf years, shiprepairing has accounted for almost 90 per cent of its profits. However, the group is also involved in shipbuilding, rig construction, shipowning and management, and other marine related activities.

In December last year Keppel started work on the secood phase of the development of its shipyard at Tuas, Singapore. Estimated to cost about S$100m, the project will includa the construction of a 330,000 dwt drydock. When the devalopment is completed in mid-1982, Keppel will bave the largest shiprepair yard in South East Asia with a total capacity exceeding 570,000 dwt.

Elder Smith plans money raising and higher payout

BY JAMES FORTH IN SYDNEY

ELDER SMITH Goldsbrough Mort, the diversified industrial group, increased its earninga by 63 per cent, from A$14m to A$22.9m jo the year to Juoe, and plans both rights and scrip issues. The directors propose a one-for-five scrip issue. A rights issue will then be made on the increased capital, also on a one-for-five basis, to raise A$21m.

The dividend is held at 14 cents a share, but is effectively higher, because the final will be paid on capital increased by the scrip issue. Earniogs a share for the year rose from 43 cents to 50 cents.

Shares in the rights issue will be offered at A$2.00, payable in two equal instalments, in December and July. The funds are earmarked for working capital in the general development of the group's bnsiness, and the directors expect at least to maintain the current dividend.

The profit, the directors said, reflected higher returns in a number of areas, including significantly higher abeep and cattle prices, greater demand for rural merchandise, improved trading in steel and metals distribution, expansion of international trading operstions, a better performance from building supplies distribution, and improved results from abbatoir aod feedlot activities. But they added that profit from the group's pastoral stations declined, and profits of tbe finance company offshoot, Lensworth Finance were also lower.

● Chrysler Australia will change its name to Mitsubishi Motors Australia on October 1.

Mitsubishi Corporation and Mitsuibishi Motors Corporation took a joint one-third interest in Chrysler Australia in May 1979 and became majority shareholders in April this year.

CURRENCIES, MONEY and GOLD

Pound steadies

Sterling showed a steadier tendency in *currency markets* yesterday, as the possibility of a national strike by dock workers receded. Sentiment was also buoyed by indications that UK *interest rates may not fall as* soon as had been previously thought. Sterling's trade weighted index was unchanged at 75.5, but this showed a recovery *from the morning* level of 75.4. Against the dollar it opened at \$2.2840-2.3850, and rose steadily to \$2.3900 shortly before New York entered the market. The latter came in as net buyers of sterling and pushed up the rate to a best level of \$2.3980, before a little profit taking saw sterling fall back to close at \$2.3920-2.3930, a rise of 55 points from Tuesday's close.

The dollar was slightly weaker overall but showed little change in featureless trading. The current OPEC meeting failed to produce any news to prompt much movement in the U.S. unit, and with Euro-dollar rates mostly unchanged, business remained at a low level. Against the D-mark, the dollar closed at DM 1.7810 compared with DM 1.7840, and SwFr 1.6290 against SwFr 1.6340 in terms of the Swiss franc. The yen was slightly weaker, with the dollar finishing at Y211.90 from Y211.50. On Bank of England figures, the dollar's trade weighted index remained at 83.3.

D-MARK—One of the weaker members of the European Monetary System of late, but *showing signs of recovery against the dollar, following* doubts about the future trend in U.S. interest rates and Federal Reserve *monetary policy* ahead of the Presidential election—The D-mark was mostly firmer at yesterday's fixing in Frankfurt, rising against the U.S. dollar and the Dutch guilder as well as other EMS currencies. On the other hand sterling showed a slight improvement to DM 4.2580 from DM 4.2550, while the *Swiss franc* rose to DM 1.0924 from DM 1.0913. The dollar was fixed lower at DM 1.7812, compared with DM 1.7838 previously, in quiet trading. *Euro-dollar rates showed* little change, and the market appeared to be waiting for some outcome to the current OPEC meeting in Vienna.

ITALIAN LIRA — *Weakest* member of the EMS, reflecting high inflation and balance of payments problems, and further undermined by rumours of *devaluation*—The *lira showed* mixed changes in the spot market in Milan yesterday, but fell sharply in forward trading in reaction to July's record trade deficit. Within the EMS, the lira has been slowly losing ground, moving further towards its maximum permitted divergence, although there seems to be a growing feeling in the market that any devaluation would not help to solve Italy's economic problems. At yesterday's fixing the dollar fell to L847.80 from L846.80 and the French franc was lower at L204.70 compared with L204.76. On the other hand the D-mark rose to L475.97 from L475.90, and sterling was higher at L2,027.4 against L2,023.4 at Tuesday's fixing.

JAPANESE YEN — *Advancing* steadily since the middle of last month, helped by the general weakness of the dollar and the relatively successful fight *against inflation* which allowed a cut in the central bank discount rate — The yen was slightly firmer against the dollar in Tokyo yesterday, with the U.S. unit easing to Y211.60 compared with Y211.85 on Tuesday. It opened at Y211.60 and there may have been small scale intervention during the day in support of the dollar. This was probably when it *fell* to an *18-month* low of Y210.70.

THE POUND SPOT AND FORWARD

Sept. 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3820-2.3980	2.3920-2.3930	1.20-1.10c pm	5.77	2.07-1.97 pm	3.38
Canada	2.7830-2.8030	2.8015-2.8025	1.50-1.40c pm	6.21	3.15-3.05 pm	4.42
Nethlnd.	4.60½-4.65½	4.63¾-4.64¾	2⅝-1⅝c pm	5.50	5¾-4¾ pm	4.53
Belgium	68.00-68.60	68.30-68.40	27-17c pm	3.86	53-43 pm	2.81
Denmark	13.10-13.21	13.15-13.16	1¼-3¼ore dis	−2.28	9½-11¼ dis	−3.15
Ireland	1.1285-1.1360	1.1315-1.1325	0.27-0.19 pm	2.44	0.48-0.39 pm	1.54
W. Ger.	4.23½-4.28½	4.25¾-4.26¾	3⅝-2⅝pf pm	8.09	7¾-6¾ pm	6.80
Portugal	118.30-119.20	118.70-118.90	25c pm-15 dis	6.50	5pm-105 dis	−1.68
Spain	175.10-175.60	175.15-175.25	75-135c dis	−7.19	285-355 dis	−7.42
Italy	2021-2035	2026½-2027½	7¾-9¾lire dis	−5.18	40½-43½dis	−8.29
Norway	11.49-11.58	11.56-11.57	4-2½ore pm	3.37	8½-6½ pm	2.84
France	9.86-9.94	9.90½-9.91½	4½-3½c pm	4.84	8¾-7¾ pm	3.33
Sweden	9.88-9.95	9.91¾-9.92¾	½ore pm-½ dis	—	3¼-4¼ dis	−1.48
Japan	502-512	506½-507½	1.80-1.45y pm	3.86	4.85-4.50 pm	3.69
Austria	30.05-30.30	30.12-30.17	14-10gro pm	4.78	29-23 pm	3.45
Switz.	3.87½-3.92½	3.89½-3.90½	4-3c pm	10.77	9¾-8¾ pm	9.49

Belgian rate is for convertible francs. Financial franc 68.95-69.05. Six-month forward dollar 2.65-2.60c pm. 12-month 3.25-3.15c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3820-2.3980	2.3920-2.3930	1.20-1.10c pm	5.77	2.07-1.97 pm	3.38
Ireland†	2.1120-2.1155	2.1120-2.1140	0.65-0.55c pm	3.41	1.05-0.95 pm	1.89
Canada	1.1675-1.1693	1.1679-1.1682	0.11-0.07c pm	0.92	0.65-0.55 pm	1.24
Nethlnd.	1.9355-1.9376	1.9365-1.9375	0.05c pm-0.05 dis	—	0.33-0.28 pm	1.04
Belgium	28.55-28.58	28.56-28.58	2-3½c dis	−1.15	1-4 dis	−0.35
Denmark	5.5000-5.5075	5.5000-5.5015	3.15-3.65ore dis	−7.42	8.50-9.00dis	−6.36
W. Ger.	1.7790-1.7825	1.7805-1.7815	0.32-0.28pf pm	2.02	1.52-1.47pm	3.38
Portugal	49.60-49.77	49.67-49.77	15-30c dis	−5.43	48-85 dis	−5.03
Spain	73.28-73.43	73.28-73.31	60-80c dis	−11.46	175-205dis	−10.21
Italy	846.50-849.00	846.50-847.25	8-10lire dis	−12.74	25-28 dis	−12.50
Norway	4.8237-4.8360	4.8305-4.8315	0.85-1.35ore dis	−2.73	0.85-1.35dis	−0.91
France	4.1375-4.1430	4.1400-4.1410	0.30-0.40c dis	−1.01	par-0.10dis	−0.05
Sweden	4.1450-4.1490	4.1465-4.1480	1.95-2.15ore dis	−5.93	5.05-5.25dis	−4.97
Japan	210.70-212.00	211.85-211.95	0.30-0.45y dis	−2.12	0.15pm-par	0.14
Austria	12.59¾-12.61½	12.59¾-12.60¾	0.80-1.40gro dis	−1.05	1.0pm-0.75dis	0.04
Switz.	1.6275-1.6330	1.6285-1.6295	0.74-0.69c pm	5.27	2.61-2.56pm	6.35

† UK and Ireland are quoted in U.S. currency. Forward premiums and *discounts apply to the U.S. dollar and not to the individual currency.*

CURRENCY MOVEMENTS

Sept. 17	Bank of England Index	Morgan Guaranty Changes %
Sterling	75.5	−30.4
U.S. dollar	85.3	−10.0
Canadian dollar	80.2	−17.2
Austrian schilling	156.2	+24.4
Belgian franc	115.2	+13.5
Danish kroner	106.6	−4.4
Deutsche mark	154.4	+43.7
Swiss franc	198.2	+80.4
Guilder	128.2	+20.2
French franc	101.0	−6.0
Lira	52.6	−51.6
Yen	134.4	+38.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Sept. 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.553640	0.594102
U.S. $	10	1.32010	1.41654
Canadian $	10.73	1.53897	1.65151
Austria Sch	6¾	16.8729	17.8992
Belgium F	12	57.7681	40.5517
Danish K	16	7.27507	7.80566
D'mark	7½	2.35479	2.52728
Guilder	2	2.55967	2.74686
French Fr	2½	5.47672	5.87408
Lira	15	1120.45	1202.57
Yen	8.25	280 125	300.893
Norwgn. Kr	9	5.37476	6.84872
Spanish Pta	8	95.8914	104.229
Swedish Kr	10	5.48568	5.88045
Swiss Fr	5	2.16902	2.31680

OTHER CURRENCIES

Sept. 17	£	$		£ Note Rates
Argentina Peso	4585-4605	1919-1926	Austria	30.00-30.30
Australia Dollar	2.0375-2.0405	0.8525-0.8530	Belgium	68.35-68.95
Brazil Cruzeiro	134.80-135.80	52.54-56.74	Denmark	13.14-13.24
Finland Markka	8.69-8.70	3.6365-3.6375	France	9.85-9.94
Greek Drachma	101.416-103.865	42.60-42.65	Germany	4.24-4.28
Hong Kong Dollar	11.81-11.83	4.9430-4.9450	Italy	2015-2115
Iran Rial	n.a.	n.a.	Japan	505-515
Kuwait Dinar(KD)	0.634-0.640	0.2666-0.2667	Netherlands	4.61½-4.65½
Luxembourg Frc.	68.30-68.40	28.56-28.58	Norway	11.51-11.61
Malaysia Dollar	5.0375-5.0475	2.1185-2.1205	Portugal	115¼-125
New Zealand Dlr.	2.4285-2.4295	1.0145-1.0155	Spain	170½-178¾
Saudi Arab. Riyal	7.89-7.95	3.3190-3.3210	Sweden	9.89-9.99
Singapore Dollar	5.0250-5.0350	2.1035-2.1055	Switzerland	3.88-3.92
Sth. African Rand	1.7290-1.8005	0.7520-0.7525	United States	2.38¾-2.39¾
U.A.E. Dirham	8.77-8.83	3.6885-3.6905	Yugoslavia	70½-73½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5467	+1.90	+0.77	±1.53
Danish Krone	7.72336	7.81704	+1.21	+0.08	±1.64
German D-Mark	2.48208	2.52745	+1.83	+0.70	±1.125
French Franc	5.84700	5.87732	+0.52	−0.61	±1.3657
Dutch Guilder	2.74362	2.74852	+0.18	−0.95	±1.512
Irish Punt	0.668201	0.671696	+0.52	−0.61	±1.668
Italian Lira	1157.79	1202.92	+3.90	+2.85	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 17	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.393	4.263	507.0	9.910	3.900	4.638	2027.	2.802	68.35
U.S. Dollar	0.418	1.	1.782	211.9	4.142	1.630	1.938	847.2	1.171	28.57
Deutschemark	0.235	0.561	1.	118.9	2.325	0.915	1.088	475.5	0.657	16.04
Japanese Yen 1,000	1.972	4.712	8.407	1000.	19.55	7.692	9.147	3998.	5.527	134.8
French Franc 10	1.002	2.414	4.301	511.6	10.	3.935	4.680	2045.	2.827	68.97
Swiss Franc	0.256	0.613	1.095	130.0	2.541	1.	1.189	519.7	0.718	17.53
Dutch Guilder	0.216	0.515	0.919	109.3	2.137	0.841	1.	437.1	0.604	14.74
Italian Lira, 1,000	0.493	1.180	2.103	250.1	4.889	1.924	2.288	1000.	1.382	33.72
Canadian Dollar	0.357	0.854	1.521	180.9	3.537	1.392	1.655	723.4	1.	24.39
Belgian Franc 100	1.463	3.500	6.236	741.8	14.50	5.706	6.785	2966.	4.099	100.

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 17)

3 months U.S. dollars		6 months U.S. dollars	
bid 12	offer 12 1/8	bid 12 1/2	offer 12 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Sept. 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16⅛-16¾	10⅝-10⅞	2-10½	10¼-10⅜	2½-2¾	6½-8⅝	11⅛-11⅝	14-18	10⅞-11	11-11¼
7 days' notice	16¼-15½	10¾-11	8½-10	10 1/16-10½	2½-3	8½-8⅝	11⅛-11⅝	18¼-23¼	11-11⅛	12⅛-12⅝
Month	15⅝-16⅝	10⅝-10⅞	10-10⅝	10½-10⅝	5⅛-5⅝	8 11/16-8¾	11 11/16-12 1/16	21¼-23¼	10⅝-10¾	12¼-12½
Three months	15⅝-16⅞	11⅞-12⅛	10⅛-10⅞	10⅝-10¾	5½-5⅝	8 9/16-8⅝	12-12¼	24-25	12-12⅛	11⅝-11⅞
Six months	14⅞-16⅛	12⅜-12⅝	11⅝-11¾	10⅝-10¾	5¾-5⅞	8⅝-2⅛	12⅜-12⅝	26¾-26¾	12 5/16-12 7/16	10¾-11
One Year	13⅞-14⅛	12 5/16-12 11/16	11⅝-12	10 7/16-10 9/16	6½-5⅝	8 7/16-8⅝	12⅝-12⅞	25-26	12½-12⅝	2¾-10

Long-term Eurodollar two years 12¾-12⅞ per cent; three years 12 11/16-12 13/16 per cent; four years 12 11/16-12 13/16 per cent; five years 12 11/16-12 13/16 per cent nominal closing rates. *Short-term rates are call for sterling.* U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 11.15-11.25 per cent; three-months 11.80-11.90 per cent; six-months 12.10-12.20 per cent; one year 12.15-12.35 per cent.

INTERNATIONAL MONEY MARKET

Dutch rates steady

The Amsterdam money market showed no reaction to the Dutch Government's 1981 Budget proposals announced on Tuesday. Money was in good supply yesterday and overnight funds eased to 9¼ per cent from 9½ per cent, while term rates were little changed. There seems to be no reason at present for injection of *liquidity by the authorities* following a decline of Fl 422m in the overdraft position of the banks with the central bank last week to Fl 2bn.

The Belgian franc remained the second weakest member of the European Monetary System yesterday, but the National Bank left its discount rate at 12 per cent at its weekly meeting.

Seasonal tax payments were expected to lead to a tightening of conditions in the Frankfurt money market this week, and yesterday call money rose to 9.40-9.45 per cent from 9.30-9.40 per cent. Period rates were also firmer, with one-month rising to 9.20-9.30 per cent from 9.15-9.25 per cent; three-month to 9.10-9.15 per cent from 9.00-9.10 per cent; six-month to 9.00-9.10 per cent from 8.80-9.00 per cent; and 12-month to 8.85-8.95 per cent from 8.40-8.60 per cent.

In Paris call money eased to 11¼ per cent from 11⅜ per cent, while term rates showed little change.

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Short term interest rates fell in the London money market yesterday, reflecting very easy conditions on published figure day for the banks. Discount houses paid around 12-14 per cent for secured call money in the early part, and although rates touched 15½ per cent in places, money was freely available towards the close, with houses finding late balances at 7-10 per cent. In the interbank market overnight loans opened at 17¾-18 per cent, and moved within a narrow range of 16-16½ per cent for most of the day, before falling sharply in late trading to finish at 3-5 per cent.

Large Government disbursements exceeded revenue payments to the Exchequer, and this outweighed the *repayment* of Tuesday's market advances. In these circumstances the authorities did not intervene.

GOLD

Slight rise

Gold rose \$8 an ounce in the London *bullion market* yesterday to close at \$674-677. However this was some way below its best level of the day, as the market reacted to the news that Saudi Arabian oil production would not be reduced. At one point the metal stood at \$680½-682, its highest level of the day, after opening at \$675-678¼. The closing level was the low for the day.

In Paris the 12½ kilo bar was fixed at FFr 90,000 per kilo (\$675.74 per ounce) compared with FFr 89,650 (\$673.52) in the morning and FFr 88,100 (\$660.84) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar *was fixed at DM 38,905 per kilo* (\$679.29 per ounce) against DM 38,435 (\$669.97) previously, and closed at \$672-674 compared with \$667-670 on Tuesday.

In Zurich gold finished at \$674-677 from \$667-670 previously.

	Sept. 17		Sept. 16	
Gold Bullion (fine ounce)				
Close	\$674-677	(£281¾-283)	\$668-671	(£272¾-281)
Opening	\$675-675½	(£282¾-284)	\$667-670	(£279¾-281)
Morning fixing	\$678.26	(£283.576)	\$668	(£280.002)
Afternoon fixing	\$673	(£281.002)	\$668	(£279.555)
Gold Coins				
Krugerrand	\$695-697	(£290¼-292¼)	\$688-690	(£288-289½)
Mapleleaf	\$689-694	(£288-221)	\$682-686	(£285½-288½)
New Sovereigns	\$171¼-172¼	(£71¼-72¼)	\$170-171	(£71-71¾)
King Sovs	\$198-200	(£82½-83½)	\$197½-199½	(£82½-83½)
Victoria Sovs	\$198-200	(£82½-83½)	\$197½-199½	(£82½-83½)
French 20s	\$167½-168½		\$157-169½	
50 pesos Mexico	\$832-835		\$827-830	
100 Cor. Austria	\$654-658		\$649-653	
\$20 Eagles	\$785-788		\$782-785	
\$10 Eagles	—		—	
\$5 Eagles	—		—	

LONDON MONEY RATES

Sept. 17 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	3-18	—	—	—	16½-16¾	7-15½	—	—	—
2 days notice	—	—	16⅝-16¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15⅜-17¼	16¾	—	17¼	16¾	14½-15½	—	—	—
One month	16½-16 1/16	15⅝-16 11/16	16½-18⅝	17⅛-17⅝	16⅞	16¾-16⅞	15¼-15⅝	14 11/16-14 7/16	16 5/16-16⅜	17
Two months	16 1/16-15 9/16	16 3/16-16¼	—	16¾-17	16⅝	—	14¾-15	14 13/16-14 7/16	15 15/16-15⅜	16⅝
Three months	15 15/16-15½	16⅝-15 9/16	16⅝-15¾	15½-16	16¼	16½-16¼	14¼-14⅝	14 11/16-14⅜	16 1/16-15½	16⅝
Six months	14 11/16-14½	14¾-15	14¾-14⅞	14⅝-14⅞	15¼	15⅝	—	—	15⅞	16¼
Nine months	15 15/16-16⅝	15 13/16-14 9/16	—	14¼-14¾	14 7/16	14⅝	—	—	—	—
One Year	15 5/16-15⅝	13¾-14	13¾-14⅛	13¾-14	14⅛	14½	—	—	—	—
Two years	—	—	13⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¾-13⅞ per cent; four years 13¾ per cent; five years 13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14 23/32-14¾ per cent; four-month trade bills 15¾ per cent.

Approximate selling rate for one-month Treasury bills 14 3/16 per cent; two-months 14¾ per cent; three-months 14 7/32-14¼ per cent. Approximate selling rate for one-month bank bills 16 1/16-16¼ per cent; two-months 15 29/32-15⅞ per cent; three-months 14 25/32-16 per cent; one-month trade bills 16¾ per cent; two-months 16⅝ per cent and three-months 15⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from September 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.4024 per cent.

MONEY RATES

NEW YORK	
Prime Rate	12¾
Fed. Funds	10¾-12
Treasury Bills (13-week)	10.32
Treasury Bills (26-week)	10.70
GERMANY	
Discount Rate	7.50
Overnight Rate	8.425
One month	9.25
Three months	9.125
Six months	9.05
FRANCE	
Discount Rate	9.5
Overnight Rate	11.625
One month	11.6875
Three months	11.5375
Six months	12.00
JAPAN	
Discount Rate	8.25
Call (Unconditional)	11.3750
Bills Discount (three-month)	11.46875

WORLD STOCK MARKETS

Fresh early Wall St. advance

BUOYED BY comments from Saudi oil minister Sheikh Yamani that Saudi Arabia will hold its oil production level through the fourth-quarter, Wall Street further advanced in another large turnover yesterday morning.

The Dow Jones Industrial Average was 7.60 higher at 953.50 at 1 pm, while the NYSE All Common Index climbed 62 cents to a record $74.03 and advances outpaced declines by a two-to-one ratio. Volume came to 41.23m shares, compared with Tuesday's 1 pm figure of 38.91m.

Analysts said short-covering was boosting the prices of several stocks, as short sellers were rushing to limit their losses in the rising market.

U.S. Home, which reported a 25.7 per cent rise in new home orders in August, put on ⅜ to 26⅞.

Bache, which raised its quarterly dividend, voted a fiscal year-end special payment and a 10 per cent stock dividend, gained ½ to $16⅞. Shearson Hayden Stone rose $1 to $39¾. Merrill Lynch ⅞ to $34¾ and Dean Witter ¾ to $26⅛.

Analysts linked scattered strength in the Computer group to short-covering. Rolm moved ahead 4⅛ to $43½, Texas Instruments 4½ to $134¾, and General Instrument, whose first-half net profits rose 40 per cent, 2⅜ to $81⅛.

THE AMERICAN SE Market Value Index rose 2.91 to 343.85 at 1.00 pm on volume of 5.21m shares (5.17m).

Volume leader Brascan gained 1½ to $32⅞. It was recommended by a brokerage house. Amdahl put on 2⅜ to $34⅜ and Harvey Hubbell "B" ⅞ to $37¼, both in active trading.

Canada

Shares were inclined to recoup further ground in very active early trading. The Toronto Composite Index improved 7.9 to 2,336.9 at noon, while Golds rose 22.5 to 6,012.6 and Metals and Minerals 21.0 to 2,457.1, but Oil and Gas receded 9.9 to 4,695.4. In Montreal, Utilities put on 2.26 to 278.59 but Banks lost 2.90 to 379.40.

Tokyo

High-priced Light Electricals, some other Blue Chips and the Pharmaceuticals sector featured strongly on fresh active but selective foreign buying in the Street advance. However, profit-taking caused Oils, Trading Houses, Coals and some speculative favourites to lose ground.

The Nikkei - Dow Jones Average improved 11.35 to a record 7,031.51 and the Tokyo SE index 0.61 to 486.11, although overall declines on the First Market section outnumbered gains by 370 to 290. Volume amounted to a substantial 430m shares, against Tuesday's 350m.

A sharp advance in third-quarter profits helped to propel Sony ahead Y240 to Y3,290. Among other Light Electricals, TDK advanced Y210 to Y3,090, Pioneer Electronic Y110 to Y2,460, Matsushita Y18 to Y784 and Victor Y140 to Y2,050. Elsewhere, Olympus Optical rose Y51 to Y1,020. Pharmaceutical concern Green Cross Y80 to Y2,050, Fuji Photo Film Y11 to Y726 and Yamaha Motor Y24 to Y919.

In contrast, Nippon Oil shed Y30 to Y1,330 and Trading House C. Itoh Y7 to Y406.

Textiles, including Japan Wool Textile and Unitika, gained ground, while Machine Tools, Feed Producers and Papers were also higher.

Hong Kong

After a temporary setback on Tuesday on profit-taking, the market put on a fresh show of strength yesterday in very heavy dealings. The Hang Seng index, which receded 7.80 the previous day, forged ahead 21.96 to set a new seven-year high of 1,244.83. Turnover on the four exchanges increased to HK$533.17m from Tuesday's total of HK$485.72m.

The market was led by Jardine Matheson shares, which take a 4.5 per cent weighting in the index. Jardine jumped HK$1.60 to HK$25.40 amid continuing rumours that Chinese interests were making a concerted buying attack to gain more control of Jardine itself and, indirectly, of Hong Kong Land. The latter gained 20 cents to HK$17.50.

Elsewhere, leading stocks closed generally stronger in the wake of Jardine Matheson's rise although mostly off their day's highs, but an easier exception was Hong Kong Wharf, down HK$1.00 at HK$94.50.

Singapore

The market continued to advance strongly in active trading, pushing the Straits Times Industrials index 10.99 higher to a new all-time peak of 640.11.

All sectors advanced, with Properties, Plantations and Banks prominent. Profit-taking in the afternoon was offset by further heavy buying before the close.

Inchcape climbed 18 cents to S$3.72, OCBC 30 cents to S$12.90 and Malay Banking 10 cents to S$15.40.

Esso Malaysia managed to close unchanged despite announcing a 35.7 per cent fall in first-half operating profits.

Germany

A more stable Domestic Bond market and some foreign buying produced a widespread improvement in share prices. The Commerzbank index rallied 3.3 more to 722.3.

Karstadt, in Stores, featured with an advance of DM 7 to DM 223, while Linde put on DM 2.50 in Engineerings and Volkswagen DM 2.20 in Motors.

Paris

Prices were mixed with a slight majority of declines at the end of a busy session.

Capturing the attention of all operators yesterday were wild swings in the price of Kleber-Colombes, which fell 12.5 per cent on Tuesday to close at FFr 50 following news that Continental Gummi-Werke, of Germany, does not intend to go through with its take-over of Kleber. A wave of new selling orders caused trading in Kleber to be suspended twice early in the session — the first time when the shares were quoted at FFr 46.50, the second time at FFr 44. Later, buying orders poured in and the shares closed at FFr 54, up 8 per cent from their starting price. Brokers were mystified as to the reason behind the abrupt about-turn.

Johannesburg

Strong overseas demand spurred Gold issues, Mining Financials and Platinums ahead in fairly active trading.

Among Golds, F. S. Geduld rose R2.75 to R97.75, Buffels R1.50 to R64.00 and Kloof R1.75 to R50.50, while Mining Financials had GFSA up R8 at R113 and Anglos 95 cents higher at R21.35.

Platinums registered gains ranging between 55 and 140 cents. Rusplat climbed 70 cents to R9.20.

Australia

Gold shares, encouraged by higher Bullion prices, spearheaded a firming trend on Australian markets after Tuesday's softer tone. The Sydney All Ordinaries index put on 7.32 to establish a new record high of 987.48, while the Metals and Minerals index moved ahead 96.14 to 8,505.75.

Emperor were outstanding in Golds, rising 65 cents to A$4.10, a 1980 peak, while Golden Valley added 20 cents at A$1.50, Mefina 35 cents at A$1.75 and Gold Mines Kalgurli 30 cents at A$10.20.

Poko-Wallsend, which has reported a gold find in the Northern Territory, gained 20 cents to A$10.90. Elsewhere in Minings, MIM improved 14 cents to A$5.90 and North Broken Hill 10 cents to A$4.10.

Among Oils, Cooper Basin oil discoverer Santos firmed 10 cents to A$13.90, while Monarch Petroleum gained 8 cents to 80

Closing prices for North America were not available for this edition.

NEW YORK

Indices

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

Financial Rand US$0.88¾ (Discount of 33⅛%)

BRAZIL

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

EEC lifts sugar export levy

By Rik Turner in Sao Paulo

WORLD SUGAR futures prices rose on the London terminal market yesterday after the EEC Commission in Brussels at its weekly seling tender authorised 35,000 tonnes of raw sugar beet for export at a minimum export levy of 10.02 European Curreocy Units per 100 kios.

Traders said the market viewed the news constructively, since it demonstrates that quite a few operators were willing to pay an increased export levy. At the close, March futures were higher by almost £10 a tonne at £398.125.

The result of the EEC white sugar tender was in line with trade estimates at a minimum export levy of 9.391 units per kilo.

Meanwhile a Moscow foreign trade official confirmed that the Soviet Union had heen huying sugar in the world market. "We have heen on the market. We bave hought a certain quantity," the official told Reuters. But he refused to give any details. Reports have been that the Soviet Union has bought between 1m and 1.65m tonnes, with London dealers suggesting that the purchases are closer to the 1m tonne figure.

The market also reported that Poland had honght 200,000 toones of sugar and another 100,000 bad heen bought by a Far Eastern house, believed to be hound for Indonesia. Rumours of Indian huying also continue, but as the new Indian crop is due to come in from next mooth, State Trading Corporation officials would have to arrange fast transport for any purchases to be useful.

Peru miners plan strike

LEMA — Peruvian miners will strike for 48 hours this week to press for the reinstatement of dismissed colelagues, their union sald, reports Reuter.

The strike will affect such large copper mines as the U.S.-owned Cuejone and Toquepala, in Southern Peru, as well as the state-owned Ilo refinery. Cuajone and Toquepala account for 70 per cent of Peru's average annnal copper production of 400,000 tonnes.

The unlon said mlners would consider an indefinite strike at a later stage unless dismissed workers were reinstated.

Hopes of NZ butter settlement

BY LARRY KLINGER IN BRUSSELS

THERE WAS growing optimism in Brussels yesterday that the EEC row over New Zealand butter imports may soon be resolved without the convening of a special meeting of agriculture ministers.

Britain's formal request for a special Council of Agriculture Ministers remains on the table, but there are substantial straws in the wind suggesting that agreement may be imminent.

Finn Olav Gundelach, EEC Commissioner for Agriculture, returned to Brussels yesterday from talks in Paris with M. Pierre Mehaignerie, the French Agriculture Minister. While the outcome of these talks were being kept secret, sources close to the Community's special agriculture committee were saying privately that significant progress had been achieved.

Additionally, whereas it was always assumed that it would be necessary for Mr. Peter Walker, the UK Agriculture Minister, to be present for an agreement of such political importance, British officials are now saying that his absence would be no drawback to a settlement. Mr. Walker is on a visit to South America.

The row revolves around what many European Commission officials still feel may have been a misunderstanding between the French and the other eight agriculture ministries.

The Nine appeared to agree in July to a reduction in duty on New Zealand butter imports in return for a cut in deliveries this year. However, France, which had been thought by the other Eight to have fully participated in the decision, subsequently insisted on its originally proposed smaller levy cut. The Nine then offered a compromise, but this was promptly rejected by New Zealand, which saw the episode as the EEC's reneging of a formal agreement.

The Nine's original offer would have cut the duty on New Zealand butter from the current 50 per cent to 75 per cent of the EEC's intervention price (in other words, 75 per cent of the price guaranteed to EEC prodncers less cost factors to New Zealanders such as transport).

After France spelled ont its position, the Nine offered a 72 per cent figure, which wonld have redneed the New Zealand figure by about £3m compared with the original formnla.

The nub of the issue still remains whether the French can concede enough for the New Zealanders to accept. Paris would obviously favour as restrictive a regime on a surplus commodity as possible. And New Zealand's ailing economy can hardly stand any further blow, real or psychological, to one of its principal products.

Therefore, until the outcome of the Gundelach-Mehaignerie talks have been transmitted to the principal parties and their responses made known, a settlement remains in doubt. However, the feeling in Brussels yesterday was that, because the differences remain small and the row continnes to prove increasingly embarrassing as a disruptive to other EEC husiness, that even the French are now anxious for a settlement.

French lift sheepmeat ban

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE FRENCH sheepmeat market has reopened this week to exports from the UK after being closed since the end of June. However, the import duty to be levied of 70 pence a kilo will make it very difficult for British exporters to take much advantage of the trade as the market price here has been averaging 114 pence a kilo last week with a rising tendency. Lighter lambs have been more expensive and the Paris price of 203 peoce a kilo will leave little margin.

In fact direct exports of British sheepmeat to France have been at a very low ebb in 1980 amounting to only 100 tonnes as against 3,400 tonnes in the January-July period in 1979. But there was a significant increase in exports to France from Holland and Ireland. Some of the Dutch sales were of British origin bnt these exports were inhibited in recent months by the French imposing a restriction of 30 per cent on imports from other Community countries.

According to the Meat and Livestock Commission yesterday no licenses for the export of UK sheepmeat have been issued by the French authorities, and it is believed that the 30 per cent restriction on Community member trade is also still operative.

British farmers are still hoping to benefit from the implementation of the EEC sheepmeat regime due to start on October 1 which will raise the guarantee by abont 10 per cent initially. However this date is still very oncertain.

Mr. Peter Walker, Minister of Agriculture, has been very firm in bis expectation that the regime will start on October 1. But this confidence, it must be said, is shared by no one else. The countries most coocerued by its inception—France, and the traditional lamb exporters to the EEC—have still not committed themselves to a formula which wonld allow the regime to come into effect.

Larry Klinger in Brussels writes: The Australian delegation visiting Brussels for trade talks with top European Commission officials feels that it has received no reason why it sbould drop its oppositioo to the proposed EEC regime on lamb and mutton.

The delegation, which is led by Mr. Donglas Anthony, the Australian deputy Prime Minister and Minister for Trade and Resources, has found some sympathy within the Commission for its grievances, hut still believes that the Australian insistence on EEC guarantees against "dumping" in third country markets will not be accepted by the EEC member-countries.

Drought hits Australian wheat

SYDNEY — The Australian wheat crop is deteriorating under the effects of drought and needs rain in the next two weeks to avoid a severe drop in output, Australian State Agricultural Department officials bave warned.

At the moment the department is expecting a wheat crop of up to 13.65m tonnes but oote it could drop to around 10.25m as a result of worsening weather. The 1979-80 wbeat crop was 16.03m tonnes.

In New South Wales, the largest wheat producing state, severe drought in the north west regions has led to a continuous downward revision of likely outpnt from a possible 7m tonnes at the outset of the curreot season to a maximum 5m

● Reports in the London grain market say Iran purchased 100,000 tonoes of EEC barley for shipments commencing October-November.

Some traders had heard a figure as bigh as 250,000 toones. Reuter

Brazil cuts coffee crop estimate

By Our Commodities Staff

BRAZIL yesterday lowered its 1980/81 coffee crop estimate from 19.4 to 18.5m bags (of 60 kiloe each). This compares with a final figure of 21.6m baga for the 1979/80 season.

The estimate, issued by the Brazilian Coffee Institute, came just as the Institute president, Sr. Octavio Rainho, left for the London talks seeking to rejuvenate the International Coffee Agreement.

Sr. Rainho made it clear in remarks on the eve of bis departure that Brazil is now going all out for sales volume following the failure of the prodncer support group, Pancafé, to assure stable and remunerative prices.

News of the Brazilian crop estimate had little impact on world market coffee prices yesterday. Values opened higher, partly on reports from Brazil of unseasonably cold weather in the coffee-growing areas. But all the gains were lost in the afternoon when it became clear that the colder weather would have little effect on the coffee crop. On the London robusta futures market the November position closed £2 lower at £1,088.5 a tonne after reaching £1,124 at one stage.

MALAYSIA

Planning a wider commodity mix

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA, the world's biggest exporter of natural rubber and palm oil, and a growing prodncer of cocoa, is seriously re-examining its commodity mix.

A medium-size country where land for agricultural expansion is getting scarce, it must maintain a careful commodity balance to avoid being squeezed out of world markets by its better-endowed tropical rivals, such as Brazil and Indonesia.

A recent month-long tonr of Brazil and the U.S. by a Malaysian ministerial team has reinforced observations that Malaysia's relentless push to oil palm, and more recently to cocoa, may not be the right policy for the 1980 and 1990s. At the end of 1979, Malaysia had 2,032,000 hectares of rubber, 912,000 hectares of oil palm, and 80,000 hectarea of cocoa.

Competition

Last year, Malaysia produced 2.2m tonnes of palm oil, virtually all for export. Even assuming no new plantings are done, production would reach four million tonnes by 1985, as already planted areas reach maturity or peak production.

So far, every tonne of palm oil produced has been sold, but Malaysia will have to work hard to find new markets for the extra volume it is turning out.

In the years to come, Malaysia will be facing stronger competition from Indonesia, Thailand, the Philippines and African states which have also expanded their oil palm acreage. For the immediate future, Malaysia's concern is the phenomenal growth of the soyabean industry in Brazil.

The Brazilians have also given much thought to coca: Brazil is producing 300,000 tonnes of cocoa and has the capacity to expand its acreage considerably.

Until a year ago, Malaysian planters were very enthusiastic about cocoa and many entrepreneurs rushed to Sabah, in East Malaysia, to snap up land for cocoa cultivation.

The crop has been hailed as Malaysia's third and latest plantation money spinner and officials optimistically predicted that by the year 2000, Malaysia could be producing 250,000 tonnes to 300,000 tonnes of cocoa.

The sharp fall in cocoa prices during the past 18 months has dampened much of the enthusiasm, although earnings are still better than from rubber and oil palm. Plantations are expected to go ahead with diversification into cocoa, but the pace will be more relaxed.

The current world recession and future crop cultivatioo taken into consideration, Malaysia appears to have the greatest competitive edge with natural rubber.

Its technology and expertise in this crop is unrivalled, having cultivated it for a bundred years.

Brazil and other Latin American and African countries have the land, but their rubber expertise is low. And until they can find an effective way in controlling the dreaded leaf blight disease, large-scale cultivation is risky.

Unlike palm oil and cocoa, the demand and price for rubber, even considering the world recession, is expected to be firm.

Various international studies have projected demand for natural rubber growing at five per cent annually in the 1980s. If prodnction is to expand at the same rate as it did during the past decade—3 per eent annually—a fairly serious shortfall can be expected from 1985 onwards. Malaysia's own production has been steady at around 1.6m tons for the past three years.

U.S. Administration officials and rubber consumers have stressed to Malaysia the need for natural rubber producing countries to expand output. Unless this is done, they will have to turn to synthetic, even though price may be high, for reliability of supply.

The problem with expanding rubber is that its returns are still lower than from cocoa or oil palm. The last Malaysian budget took the bold step to narrow this differential by restructuring the commodity taxes, and further official incentives for rubber can be expected.

Plantation companies, which have converted 0.5m acres to oil palm since 1960 are not suddenly applying the brakes. But many are slowing down conversion schedules and doing some serious rethinking. Previously, many estates were going for a crop mix of 65:35, in favour of oil palm. Now, the favourite ratio is, land conditions permitting, 50:40:10, for oil palm, rubber and cocoa respectively.

The Malaysian Government, which is the biggest agricultural developer, through its smallholders settlement schemes, obviously does not see the problem of crop mix, strictly in financial returns.

Rural unrest

In the past, its land schemes were mono-cropped — either rubber or oil palm were planted in individual schemes — with a bias for the latter crop.

This creates frequent fluctuations of incomes among settlers. Considerable rural unrest could result in a situation where the crop is enjoying abnormally high prices, while the other crop is facing weak demand.

Realising this, the Government is moving towards a dual crop policy. Where land conditions permit, settlers will be planting both rubber and palm oil, to ensure stability and uniformity of earnings among the various land schemes.

Under the fourth Malaysian Plan (1981-85), Government land agencies are expected to open up another 500,000 acres for agriculture. With rubber regaining favour among official planners, it will be given equal prominence with oil palm.

Competition cuts Taiwan tea exports

TAIPEI — Taiwan's tea exports in the first seven months this year declined considerably due to growing competition from China, the Taiwan Tea Exporters Association said.

Ho Chen, chairman of the association, said Taiwan only exported 10.09m kilos of tea, including black tea and green tea, during the January-July period, against 11.86m a year ago.

Last year Taiwan sold 19.23m kilos of tea worth more than $20m to Morocco, Japan, the U.S. and Britain.

Reuter

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Firmar on the London Metal Exchange but well below the day's highest levels. Forward metal opened firmer at £890 and quickly moved ahead to £895 reflecting speculative interest and dealer covering following the rise in overnight American markets. This level brought out trade selling, however, and that together with selling prompted by the firmness of sterling depressed forward metal to around £880 over the midday period. In the afternoon the market rallied on vague rumours of conflict between Iran and Iraq with forward metal finally quoted on the late kerb at £890. Turnover 17,175 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	867-8	+8	860.5-1.5	+1.5
3 months	880-1	+10	885-6	+5.25
Settlem't	868	+9	—	
Cathodes				
Cash	838-9	+8.75	834-5	+5.5
3 months	864	+8	858-9	+2
Settlem't	839	+9	—	......
U.S. Prod.		......	*95.45-102	...

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £868. Three months £895, 94, 92, 91.5, 92, 92.5, 92, 91, 90.5. Cathodes untraded. Kerb: Wirebars, three months £890.5, 91, 90.5, 90, 89, 88. Cathodes untraded. Afternoon: Wirebars, cash untraded. Three months £822, 82.5, 83, 83.5, 84, 85, 84.5, 85, 86, 85.5. Cathodes, cash untraded. Kerb: Wirebars, Three months £887, 88, 90, 89, 90, 91, 92, 91, 90, 89. Cathodes untraded.

TIN—Marginally firmer. After opening at £7,400 forward metal rose to £7,420 in thin trading but mat hedge selling which pared the price to £7,380 on the morning kerb. In the afternoon offerings of cash metal coupled with renewed hedge selling depressed three months to £7,340 with the contango widening to £60. However, bear covering on the late kerb prompted a recovery to £7,385. Turnover 2,745 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7320-40	+70	7260-80	+2.5
3 months	7380-400	+85	7340-50	+50
Settlem't	7340	+70	—	.. ..
Standard				
Cash	7320-40	+70	7260-80	+2.5
3 months	7380-400	+85	7340-60	+50
Settlem't	7340	+75	—	......
Straits E.	$S2801	+1	—	......
New York	—	......		

Morning: Standard, cash £7,400, 7,380, 50, 30. Three months £7,420, 10, 20, 10, 7,400, 7,390. High Grade untraded. Kerb: Standard, three months £7,380, 70. High Grade untraded. Afternoon: Standard, cash untraded. Three months £7,380, 90, 80, 70, 60, 40. High Grade untraded. Kerb: Standard, Three months £7,350, 60, 70, 80, 85. High Grade untraded.

LEAD—Steady. Having opened at £396 forward metal dipped to £392 in the rings following hedge selling. In the afternoon a decline in copper affected lead and three months fell afresh to £390 before staging a late rally to £395 on the late kerb. Turnover 15,250 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	374-5	+2.75	377.5-9	+2.75
3 months	391-2	-4.25	394.5-5	+3
S'ment	375	+3	—	.....
U.S. Spot	—	......	*42-44	.....

Morning: cash £375. Three months £336, 93, 92, 91.5, 91, 91.5. Kerb: Three months £391, 91.5, 92, 92.5, 92. Afternoon: cash untraded. Three months £390, 94, 95. Kerb: Three months £395, 94.

ZINC—Gained ground. Three months opened at £346 and moved through the £350 level on pre-market. This touched off persistent chartist and stop-loss buying which took the price ahead to £352. Trade selling was reported on the morning kerb and three months eased to £349. However, during the afternoon renewed fresh buying pushed of £354.5 on the late kerb. Turnover 9,000 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	335-5.25	+7.12	339-40	+19
3 months	348-9	+7.25	352-2.5	+8.5
S'ment	335.25	+7	—	.....
Primw'ts	—	......	*36.5-37.25	.....

Morning: cash £336, 35. Three months £350, 49.5, 49. Kerb: Three months £349. Afternoon: cash untraded. Three months £349, 49.5, 50, 51, 52, 52.5, 53, 52.5, 52, 52.5. Kerb: Three months £353, 54, 53.

ALUMINIUM—Slightly easier as vague rumours of further stock increases prompted small-scale selling which depressed three months from £706 to £700 on the late kerb. Turnover 5,475 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	693-4	-1.5	696-8	-8.5
3 months	704-5	-1	700-1	-6

Morning: cash untraded. Three months £708, 07, 06.5, 06, 05.5, 05, 05.5, 02, 03, 05. Kerb: Three months £703. Afternoon: cash untraded. Three months £702, 01, 01.5, 01, 02, 01, 01.5, 01. Kerb: Three months £700, 699.

NICKEL—Quietly steady with forward metal closing the afternoon kerb at £2,805. Turnover 174 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2770-5	-12.5	2770-5	-18
3 months	2800-5	-2.5	2800-5	-5

Morning: cash £2,780, 60, 70. Three months £2,815, 2,800. Kerb: Untraded. Afternoon: Cash £2,775. Three months £2,805. Kerb: Untraded.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 79.25p an ounce higher for spot delivery in the London bullion market yesterday at 909.30p. U.S. equivalents of the fixing levels were: spot $21.75, up $1.97; three month $22.43, up $2.04; six-month $23.11, up $2.046; and 12-month $24.42, up $2.13. The metal opened at 877p-885p ($20.95-$21.15) and closed at 891p-899p ($21.30-$21.50).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	909.30p	+79.2	898p	+53
3 months	945.80p	+82.8	933.5p	+56
6 months	976.45p	+82.5	—	......
12 months	1034.50p	+96	—	......

LME—Turnover 375 (109) lots of 10,000 ozs. Morning: three months 950, 53, 52, 50, 49, 47, 48, 47, 45, 41, 40, 41, 42, 43, 44, 43. Kerb: three months 937, 35, 34. Afternoon: cash 896; three months 926, 28, 26, 25, 26, 28, 28.5, 32, 33, 34, 33.5. Kerb: three months 934, 33, 35, 36, 35, 34.5, 34, 33, 32, 34, 33, 32, 33, 32, 40, 41, 40, 39, 40, 35, 36, 35, 31.

COCOA

After initial easiness cocoa futures steadied on a combination of commission house and arbitrage buying in thin trading conditions for prices to close unchanged from last nights levels. Physical business was again modest with producers withdrawn from current levels and limited interest being shown by consumers, reports Gill and Duffus.

Sales: 2,169 (2,217) lots of 10 tonnes.

COCOA	Yesterd'ys Close	+ or —	Business Done
Sep.	1001-05	+0.50	1003-998
Dec.	1025-26	-6.0	1028-19
March	1062-63	-1.0	1065-54
May	1081-82	......	1081-74
July	1088-1101	-1.0	1088-95
Sept.	1118-20	......	1118-14
Dec.	1136-40	+1.5	1140-36

COFFEE

A strong New York close inspired early gains in robustas but the market failed to maintain a steady tone and heavy trade selling eventually prevailed, reports Drexel Burnham Lambert. In the afternoon, values drifted lower on further long liquidation with buyers once again approaching the market with caution.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept.	1048-55	-11.0	1076-51
Nov.	1087-90	-3.0	1124-1080
January	1106-10	-15.0	1150-06
March	1110-20	-12.5	1150-24
May	1118-20	-18.0	1160-38
July	1160-40	-17.5	1160
Sept.	1150-55	-8.0	1187-85

Sales: 4,128 (3,507) lots of 5 tonnes. ICO Indicator prices for September 16 (U.S. cents per pound): Other Mild Arabicas 125.00 (121.00); Robustas ICA 1976 125.25 (123.76); ICA 1968 125.50 (124.00); Unwashed Arabicas 211.50 (212.00). Comp. daily ICA 1968 164.17 (163.17).

GRAINS

M'nth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Sept.	96.60	+0.30	90.10	......
Nov.	98.15	-0.85	93.10	+0.10
Jan.	103.35	+0.25	97.30	+0.05
Mar.	107.10	-0.35	100.90	+0.05
May	110.65	-0.25	104.50	......
July	114.20	+0.25	—	......

Business done—Wheat: Sept. 96.25-95.85, Nov. 99.25-98.90, Jan. 103.40-103.25, March 107.05-106.90, May 110.90-110.45, July 114.20-114.50. Sales: 208 lots of 100 tonnes. Barley: Sept. 90.25-90.10, Nov. 93.25-93.10, Jan. 97.50-97.25, March 101.15-100.85, May 104.75-104.40. Sales: 383 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Sept. 97, Oct. 98.90, Nov. 100.30, Dec. 103.20 transhipment East Coast; U.S. Hard Winter 13½ per cent Oct. 97.20, Nov. 98.10, Dec. 100.30, Jan. 103.00 transhipment East Coast. Maize: U.S./French Sept. 122.50, Oct. 121.50 transhipment East Coast; South African Yellow Sept.-Oct. 90.00. Barley: English Feed fob Oct.-Nov. 94 paid Gunness, May 107.25 paid Gunness, Jan.-March 102 paid East Coast, Nov. 36.50 paid Bristol Channel, Jan.-March 102.50 paid Bristol Channel. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: E. Midlands 96.00; N. East 94.70; Scotland 97.00. Feed barley: Eastern 85.30; E. Midlands 86.50; N. East 85.00; Scotland 86.40.

The UK Monetary Coefficient for the week beginning Monday, September 22, is expected to remain unchanged.

RUBBER

The London physical market opened slightly easier, with good interest throughout the day, closing on a steady note. Lewis and Peat reported an fob October price for No. 1 RSS in Kuala Lumpur at 305.5 (310) cents a kilo and SMR 20 at 268 (273).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Oct.	64.50-64.50	64.20-65.90	64.40-65.60
Nov.	65.40-65.50	64.80-65.30	—
Oct-Dec	65.20-65.40	65.00-65.10	65.50-64.50
Jan-Mar	68.50-68.40	68.90-68.00	68.40-67.80
Apr-Jne	72.40-72.50	72.20-72.30	72.70-71.40
Jly-Sept	75.40-75.60	75.20-75.30	75.60-74.50
Oct-Dec	78.00-78.10	77.70-77.80	78.10-77.20
Jan-Mar	80.50-80.80	80.50-80.40	80.00-79.70
Apr-Jne	83.20-85.60	83.00-83.19	—

Sales: 669 (384) at 15 tonnes; 33 at 5 tonnes.

Physical closing prices (buyer) were: Spot 62.50p (64.00p), Oct. 64.75p (64.50p), Nov. 65.75p (65.50p).

SOYABEAN MEAL

The market opened with gains of £2.50 in active trading with good commission house buying, reports T. G. Roddick. Prices held steady but ran into nervous profit taking before fresh commercial support steadied prices.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
October	127.50-27.7	+1.25	128.00-27.00
December	132.60-32.8	+8.8	133.40-30.50
February	135.00-35.2	+3.0	135.50-32.50
April	135.80-36.1	+2.6	135.50
June	135.90-38.0	+8.6	—
August	138.00-38.0	+8.25	—
October	137.40-40.0	+3.25	—

Sales: 343 (232) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £345.00 (£350.00) a tonne cif for Sept.-Oct.-Nov. shipments. White sugar daily price was £358.00 (£361.00).

Confirmation by Moscow that the USSR had recently purchased sugar from the world market, although the quantity bought was not revealed, kept prices steady during the morning. Later New York opened strong and as all the 1981 positions touched new life-of-contract highs, arbitrage buying lifted London some £10 despite substantial profit-taking, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Oct.	366.00-66.50	364.00-64.85	367.50-58.00
Jan.	384.00-85.00	378.50-79.00	388.00-77.00
Mch.	389.00-88.25	386.15-88.25	399.00-86.00
May	396.00-98.45	384.15-84.75	396.75-82.50
Aug.	378.50-79.50	368.00-69.75	380.90-67.50
Oct.	358.00-58.50	340.10-49.00	358.00-47.00
Jan.	327.25-29.00	318.15-19.00	324.50-16.00

Sales: 9,416 (6,991) lots of 50 tonnes.

NUMBER 2 CONTRACT—Close (in order buyer, seller, business, sales). Oct. 365.50, 368.00, 366.00-359.00, 98. Sales 98 (357).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £441.00 (£444.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Sept. 13. Daily price 35.74 (36.89). 15-day average 32.53 (32.20).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order, buyer, seller, business, sales). New Zealand cents per kilo. Oct. 362, 365, nil, nil; Dec. 368, 373, nil, nil; Jan. 370, 371, nil, nil; March 373, 376, 372, 2; May 376, 378, 375, 2; August 374, 379, nil, nil; Oct. 376, 380, nil, nil; Dec. 379, 383, 382, 4; Jan. 382, 385, nil, nil; March 383, 385, nil, nil. Sales: 8.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Oct. 465.0, 467.5, 469.5-467.0, 128; Dec. 477.5, 478.8, 479.5-476.5, 246; March 487.3, 487.9, 489.5-487.0, 262; May 495.5, 496.0, 496.0-494.9, 199; July 499.0, 499.0, 500.0-496.0, 120; Oct. 495.5, 496.5, 496.5-494.0, 13; Dec. 496.0, 498.0, 497.0-496.0, 9; March 498.5, 500.0, 499.0-497.0, 14. Sales: 991.

POTATOES

LONDON POTATO FUTURES—The market continued to show signs of underlying interest although prices remained in a limited range, reports Whay and Harper. Closing prices: Nov. 40.40 +10 (high 40.40, low 40.20); Feb. 47.40 +20 (high 47.40, low 47.10); April 54.64 +20 (high 54.60, low 54.10). Turnover: 70 (same) lots of 40 tonnes.

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 17 1980	+ or —	Month ago
Metals			
Aluminium	£810/816	....	£819/815
Free Mkt	$1670/1700	....	$1810/40
Copper			
Cas w'bar	£861	+1.6	£861.5
3 mths	£885.5	+3.25	£876.75
Cash Cathode	£834.6	+3.5	£833.5
3 mths	£858.5	+8	£854
Gold troy oz	$675.5	+6	$634.5
Lead Cash	£378.25	+8.75	£366.5
3 mths	£394.75	+3	£388.25
Nickel	£5,806.00	....	£3,188.46
Freemkt(cif lb)	890/315c	....	890/505c
Platin'm'try oz	£208	....	£182.50
Free mkt	£294.45	+5.8	£278.55
Quicksilver†	$410/420	....	$405/415
Silver troy oz	909.30p	+79.25	573.20p
3 mths	945.80p	+82.6	698.80p
Tin Cash	£7,270	+2.5	£7,147.5
3 mths	£7,345	+50	£7,147.5
Tungsten 22.04lb	$144.87	....	$144.74
Wolfrm 22.04lb	$151/154	....	$149/152
Zinc cash	£632.5	+10	£332.5
3 months	£352.25	+9.8	£344.5
Producers	$760	....	$760
Oils			
Coconut (Phil.)	$615w	....	$620
Groundnut	‡		‡
Linseed Crude	£385	....	£401
Palm Malayan	$537.5r	....	$528.5
Seeds			
Copra Philip	$406r	....	$430
Soyabean (U.S.)	$348t	+7	$514
Grains			
Barley Futures	£93.10	+0.10	£95.20
Maize			
French No3AM	£132.50	....	£123.6
Wheat			
No.1 Red Spg.			
No 2Hard Wint	£97.20r	+0.45	£97.15
Eng. Milling	‡		‡
Other commodities			
Cocoa ship't	£1,066	-6	£1,058
Future Dec.	£1,085.5	-8	£987.5
Coffee F't Nov.	£1,088.5	-8	£1,266
Cotton A Index	101.90c	-0.8	95.70c
Rubber (kilo)	62.50p	-1.5	65p
Sugar (Raw)	£345	-5	£320
Woolt'ps 64s kl.	288p kilo	....	288p kilo

‡ Unquoted. r Oct. u Sept.-Oct. v Nov. w Oct.-Nov. z Indicator. § Buyer. ¶ Per 76-lb flask. * Nominal.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 194 tonnes, bringing the total for the week so far to 444 tonnes. Further replenishment orders were completed, involving a number of different growths. Follow on purchases were mainly in African and South American styles.

MEAT/VEGETABLES

MEAT COMMISSION — Average fatstock prices at representative markets on September 17. GB cattle 89.93p per kg lw (-2.32). UK sheep 112.95p per kg est dcw (-3.12). GB pigs 67.56p per kg lw (+1.53).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 60.0 to 65.0; Ulster hd. qtrs. 72.00 to 75.0, l. qtrs. 42.0 to 44.0. Eire hd. qtrs. 71.8 to 74.2, l. qtrs. 42.2 to 43.8. Veal: Dutch hds. and ends 102.0 to 108.0, *Dutch hdn. and ends 108.0. Lamb: English small 53.4 to 59.0, medium 52.0 to 55.6, heavy 45.0 to 52.4. Scottish medium 52.0 to 58.0. Imported frozen: NZ ol. 56.0 to 57.0, pm 49.0 to 50.0. Scottish medium 59.0. Pork: English, under 100 lbs 38.0 to 49.5, 100-200 lbs 37.0 to 48.0, 120-160 lbs 35.0 to 44.5. Grouse: Young, best (each) 200.0 to 240.0. Old (each) 100.0 to 140.0. *Special quotations—very high quality produce in limited supply.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce—Oranges—S. African: 5.30-5.85; Brazilian: 5.50. Lemons—Italian: 100/150's 6.00; Spanis: Trays 25/45's 2.40-2.80, Boxes 5.50-5.00; Outspan: Trays: 45/75's 4.80-5.00. Grapefruits—Dominican Republic: 36/63's 7.90; Honduras: 36/48's 5.20-6.40. Tangerines—Brazilian: Honey ½-boxes 4.30-4.50. Apples — French: Golden Delicious approx. 20-lb 72 1.90-2.00; 40-lb 125/150's 4.00; Spanish: Granny Smith 40-lb 5.00-7.00. Pears—French: Per 28-lb Williams 2.80-3.00; Italian: Per pound Williams 0.13-0.16. Peaches—Italian: 1½ trays Hales 1.80-2.60; Others 1.60-2.20. Nectarines—Italian: 4.00-5.00. Plums — Italian: Boxes Stanleys/Giant Prunes per pound 0.11; Hungarian: Switzens 13-lb 1.30. Greengages—Spanish 2.00. Grapes—Italian: Regina per pack 1.40-1.70, Wine per pound 0.11; French: Alphonse Lavalee 5-kilos 2.40; Cypriot: 11-lb Rosaki 2.00, Alphonse 2.00, Sultana 1.90-2.00; Spanish: Almeria 2.40, Black 2.40. Melons—Spanish: Yellow 10-kg 2.20-2.30, Green 7/11's 3.00-3.30. Water-Melons—Greek: Per 15-kg 3.00; Italian: 18-kg 8's 3.00. Bananas—Jamaican: 28-lb, per pound 0.19. Tomatoes—Jersey: 1.50-1.60; Dutch: 2.00; Guernsey: 1.80-2.00. Onions—Spanish: 2.20-2.80; Dutch: 2.30. Cabbages—Dutch: White 2.80.

English Produce: Potatoes—Per bag, new 1.20-1.80. Mushrooms—Per pound 0.40-0.60. Apples—Per pound Howgate 0.06-0.07, Derby 0.06-0.07, Laxton 0.12, Tydeman's Early Worcester 0.08-0.12, Bramleys 0.08-0.10, Worcester Pearmain 0.10-0.14, Cox's Orange Pippins 0.20-0.25. Pears—Per pound Williams 0.1P, Conference 0.10-0.12, Bristol Cross 0.09. Plums—Per 12-lb Victorias 2.40, Osmasone 1.50-1.80, Bush 1.10-1.20, Marjorie Seedlings 2.40-2.60. Strawberries—Per ½-lb 0.25-0.30. Cabbages—Per bag 1.30, white cabbage 2.60-2.80. Cauliflowers—Per 12 2.40-2.60. Beetroots—Per bag 1.00. Cucumbers—Trays 10/20 1.50-2.40. Tomatoes—Per 12-lb 1.40-1.60. Lettuce—Per 12 round 0.80-1.00, Cos 1.00, Webbs 1.00. Sprouts—Per pound 0.08-0.10. Corn Cobs—Each 0.10. Carrots—New crop 28-lb 0.90-1.30. Onions—Per bag 1.50-2.30. Picklers 2.80. Celery—Per pack 20/30 2.50-2.80, naked 12's 1.00. Capsicums—Per pound 0.20. Runner Beans—Per pound 0.12-0.14. Swedes—Per 28-lb Devon 0.80. Courgettes—Per pound 0.20. Cob Nuts—Per pound 0.30.

*

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£7.80; codlings £3.00-£5.40; large haddock £3.30-£4.20, medium £2.60-£4.20, small £2.00-£2.60; medium plaice £4.50-£4.90, best small £3.50-£4.60; skinned dogfish, large £9.50-£10.60, medium £5.50-£6.50; rockfish £1.60-£2.40; reds £2.00-£2.60; saithe £3.30-£3.80.

AMERICAN MARKETS

NEW YORK, Sept. 17.

THE LIVESTOCK markets traded mostly lower on profit-taking. Grains and soyabeans were higher on commercial buying. Gold and Copper were lower on indications Saudi Arabia would not cut production. Silver continued to attract good speculative buying interest. Sugar was sharply higher on a low EEC selling tender. Cocoa was basically steady on manufacturing price fixing, while Coffee was weaker on indications no damage was done from recent winds in Brazil. Follow-through selling and the lack of demand pressured Cotton values, reported Heinold.

Potatoes (round whites)—Nov. 91.5 (90.6), March 130.8 (126.6), April 151.2-151.9. Sales 2,401.

Sugar—No. 11. Oct. 36.85-37.00 (36.24), Jan. 38.30-38.50 (37.20), March 39.85-40.00, May 39.50-39.65, July 38.35-38.40, Sept. 36.50, Oct. 35.80, Jan. 32.40-32.90.

Tin—818.0-820.0 (815.0-820.0).

CHICAGO, Sept. 17.

Lard—Chicago loose 23.00 (same). New York prime steam unavailable.

Live Cattle—Oct. 68.82-68.87 (69.02), Dec. 70.55-70.60 (71.05), Jan. 71.90, Feb. 72.00-72.15, April 73.92-74.00, June 75.25-75.05, Aug. 74.75, Oct. —, Dec. 74.50.

Live Hogs—Oct. 47.35-47.05 (47.45), Dec. 50.30-50.40 (50.95), Feb. 54.10-54.05, April 53.00-52.90, June 58.20, July 57.30, Aug. 56.15, Oct. 53.52, Dec. 54.15.

‡‡Maize—Sept. 346¾-348 (349), Dec. 351-352 (351½), March 362½-363, May 366-365½, July 365-366, Sept. 353-352.

Pork Bellies — Feb. 69.55-69.80 (70.35), March 69.30-69.50 (70.20), May 70.40-71.00, July 70.95-71.00, Aug. 70.00.

†Soyabeans—Sept. 832-833 (829½), Nov. 849-851 (847½), Jan. 868-870, March 889-889½, May 895½-894½, July 893-894, Aug. 884, Sept. 847, Nov. 822.

||Soyabean Meal—Sept. 243.5 (242.5), Oct. 244.0-243.5 (242.8), Dec. 249.3-248.8, Jan. 251.0, March 253.5-253.1, May 253.5-253.1, July 253.0-252.5, Aug. 245.0-245.5, Sept. 239.0.

Soyabean Oil — Sept. 27.20-27.25 (26.85), Oct. 27.27-27.25 (27.00), Dec. 27.98-27.95, Jan. 28.15-28.20, March 28.70-28.80, May 29.05-29.00, July 29.35, Aug. 29.25-29.30, Sept. 29.15.

†Wheat—Sept. 475½ (473½), Dec. 494-495 (489½), March 513-513½, May 520-519½, July 515-516½, Sept. 523½.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, September 17

Wheat—U.S. No. Two Dark Hard Winter 13.5 per cent. Oct. $211, Nov. $213, Dec. $218, Jan $224, Feb. $228, March $232. U.S. No. Two Red Winter. Oct. $201, Nov. 203. U.S. No. Two Northern Spring 14 per cent. Sept. $211, Oct. $214.50, Nov. $217.90, Dec. $225, Jan. $244, Feb. $248, March $249.

Maize—Afloat $154.50, Sept. $162.50, Oct. $163, Nov. $165, Dec. $168.50, Jan.-March $178, July-Sept. $178, Apr.-June $177.50, July-Sept. $178.

Soyabeans—U.S. Two Yellow Gulfports Sept.-Oct. $333.40, Oct. $335.95, Nov. $338, Dec. $346.50, Jan. $351.50, Feb. $357 Sellers; $356.75 Traded, March $359.50, Apr. $362, May $363. Sellers Argentine Sept. $328, mid-Sept.-mid-Oct. $329.50, Oct. $329.80.

Soyameal—44 per cent protein U.S. Afloat $293, Sept. $295, Oct. $298, Nov.-March $307. Brazil Pellets Afloat Sept. $298, Oct. $306, Nov. $312, Dec. $316, Nov.-March $320.

PARIS, September 17

Cocoa (FFr per 100 kilos)—Sept. 905-1,000, Dec. 990-994, March 1,028.5-1,030, May 1,049, July 1,050, Sept. 1,060. Sales at call 1.

Sugar (FFr per 100 kilos)—Nov. unquoted, Dec. 3,630-3,640, March 3,786-3,794, May 3,760-3,810, July 3,660-3,750, Aug. 3,700-3,720, Oct. 3,530-3,610, Nov. unquoted. Sales at ...

INDICES

FINANCIAL TIMES

Sept. 16	Sept. 15	M'nth ago	Year ago
278.92	280.11	273.76	293.22

(Base: July 1, 1952=100)

MOODY'S

Sept. 16	Sept. 15	M'nth ago	Year ago
1305.8	1302.2	1251.4	1147.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Sept. 16	Sept. 15	Month ago	Year ago
Spot	465.82	466.56	446.74	406.88
F'tur's	478.94	476.21	464.14	414.46

(Average 1924-25-26=100)

REUTERS

Sept. 17	Sept. 16	M'nth ago	Year ago
1755.9	1765.2	1725.5	1616.3

Base: September 18, 1931=100

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	per line £	single column cm. £
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UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1979							
1st qtr.	110.4	102.5	98	100.4	133.6	1,351	234
2nd qtr.	114.8	107.0	107	106.0	144.5	1,299	256
3rd qtr.	112.6	103.1	99	99.0	143.8	1,269	247
4th qtr.	112.5	103.8	106	101.0	151.0	1,286	230
1980							
1st qtr.	110.4	100.6	98	102.4	156.7	1,379	193
2nd qtr.	106.6	97.1		100.6	160.0	1,492	160
Feb.	110.4	101.0	97	103.1	157.5	1,383	191
March	109.0	98.2	105	101.8	158.4	1,414	181
April	106.5	97.9	93	101.3	159.7	1,458	169
May	106.1	96.3	95	99.7	158.9	1,484	163
June	107.1	97.2		100.7	161.1	1,535	147
July	106.4	96.7		99.0	159.6	1,606	126
Aug.				100.5		1,696	120

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
1st qtr.	105.9	99.1	127.0	98.7	98.4	100.0	12.9
2nd qtr.	108.8	102.7	133.1	102.6	110.0	103.4	21.3
3rd qtr.	105.9	95.9	132.3	94.7	103.8	100.6	21.0
4th qtr.	105.0	101.0	129.5	98.9	102.6	96.0	18.1
1980							
1st qtr.	104.8	101.5	124.2	99.2	60.3	91.9	12.3
2nd qtr.	100.1	96.3	122.2	93.6	88.5	86.4	16.2
Feb.	105.0	103.0	123.0	101.0	55.0	92.0	11.4
March	102.0	98.0	124.0	95.0	64.0	89.0	12.2
April	101.0	97.0	121.0	95.0	81.0	88.0	15.0
May	98.0	96.0	122.0	93.0	93.0	85.0	17.0
June	101.0	96.0	124.0	93.0	92.0	86.0	16.6
July	102.0	97.0	122.0	94.0	86.0	88.0	13.4

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
1st qtr.	109.0	116.9	−1,602	−965	−235	106.8	16.78
2nd qtr.	135.3	128.9	−525	−264	−229	106.2	21.69
3rd qtr.	129.8	128.1	−492	+5	−158	106.5	23.18
4th qtr.	129.3	128.9	−785	−639	−157	103.5	22.54
1980							
1st qtr.	132.2	126.5	−632	−162	−126	100.5	24.87
2nd qtr.	128.6	124.5	−301	− 68	− 29	102.3	
March	129.3	123.0	−126	+ 30	− 5	100.4	26.96
April	126.8	128.4	−303	−225	+ 26	101.6	28.01
May	129.8	120.8	− 1	+ 77	− 25	102.0	28.28
June	129.1	124.4	+ 3	+ 80	− 30	103.5	28.17
July	129.8	118.5	+261	+336	+102	103.8	28.27
Aug.	127.1	120.9	+ 63	+138	+ 10	105.2	28.29

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
1st qtr.	7.2	8.4	32.6	+1,296	777	1,581	13
2nd qtr.	5.2	15.6	28.5	+2,628	777	1,867	14
3rd qtr.	12.0	11.2	13.2	+3,642	933	1,879	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,954	14
1980							
1st qtr.	−4.0	7.2	21.9	+1,723	634	1,974	17
2nd qtr.	−1.5	10.7	23.3	+3,186	697	1,972	17
Jan.	−6.9	8.1	22.6	+ 737	235	668	17
Feb.	−6.7	6.1	20.7	+ 271	199	665	17
March	−2.3	7.5	35.4	+ 711	200	641	17
April	−4.0	4.8	18.8	+ 695	266	675	17
May	4.0	12.6	21.9	+1,144	225	621	17
June	−4.9	+21.4	28.8	+1,352	206	676	17
July	11.2	42.0	51.4	+3,502	340	672	16
Aug.					307		16

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	72.4
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	73.8
Feb.	167.3	197.6	191.5	248.8	246.7	304.27	73.2
March	172.8	200.4	194.3	352.2	251.1	284.47	72.6
April	175.0	202.3	197.0	260.8	254.1	275.67	72.6
May	178.1	200.4	199.0	263.2	255.7	268.23	74.3
June	183.7	201.1	201.0	265.7	257.9	267.45	74.4
July	185.0	201.8	202.8	267.9	259.9	173.57	74.7
Aug.		201.3	203.7	268.5	259.0	275.38	76.2

* Not seasonally adjusted.

Hopes are rising for an end to the God-King's exile from Tibet, reports **Tony Walker** in Peking

Why the Chinese want the Dalai to return

A YOUNG man in tattered Mao jacket busily sells photographs of the Dalai Lama on the street near Lhasa's Jokhang Temple, Tibet's holiest shrine. Business is brisk, as fervent believers in the exiled Gold-King press forward to finger the faded prints.

Not so loog ago, Tibetans would not bave dared demonstrate their support for the Dalai by selling his photograph on the street. But now China has liberalised its policy towards religious practice in Tibet, people are openly declaring their allegiance to a man Chinese propaganda still holds to bave been the head of a brutal theocracy.

There is little doubt a large number of Tibetans want the Dalai Lama to return. Many of these people, perhaps tens of thousands of them, regard him as their spiritual, if not secular, leader.

For rather different reasons, Peking wants the Dalai to come back from his citadel in North India. The authorities apparently believe the man who fled from Tibet in 1959 with millions of dollars in gold and precious stones after encouraging an armed rebellion against Chinese rule can belp them administer one of Chioa's most impoverished regions.

His return would also quieten nagging criticism from Tibetan exiles who have rallied round the Dalai Lama as a symbol of continued opposition to Chinese rule, while at the same time demonstrating to the world that the Dalai bas accepted China's absorption of Tibet.

The Dalai Lama

China's efforts to lure the Dalai back are partly an admission that it has not been particularly successful in winning the hearts and minds of 1.7m Tibetans, a numbers of whom clearly regard their Cbinese masters as colonial oppressors.

Emotional demonstrations of support in Lbasa last mooth for a visiting delegation representing the Dalai Lama attest to China's lack of success in its efforts over the years to wipe out Tibetan Buddhist belief in the God-King.

At one such demonstration on the site of Gandan Monastery, destroyed during the Cultural Revolution of the late 1960s, more than 1,000 people gathered to hear speeches from the Dalai's official representatives. The crowd responded with cries of: "Long live the Dalai Lama," and expressions of hope that be would return soon.

Support for tbe exiled God-King carries with it an undertone of opposition to Chinese rule in much the same way that Catholicism in Poland acts as a counter-weight to Communist Party authority.

It is difficult to gauge the extent of support for the Dalai Lama throughout Tibet, but around Lhasa, at least, it appears strong.

Local officials, on the other hand, demonstrate an ambivalent attitude. While mouthing Peking's line that tbe Dalai is welcome to return, they do not appear overjoyed at the prospect.

Mr. Losang Cbicheng, vice-cbairman of Tibet's People's Government, angrily accused the visiting delegation of arrogance and baving caused disruption. Interviewed by a group of Peking-based correspondents, Mr. Losang alleged delegation members were "surreptitiously advocating Tibetan iodependence."

"If they carry on like this, we'll declare them unwelcome persons," he said.

Tbe next day the delegation abruptly left Tibet, a week ahead of scbedule.

Mr. Yin Fatang, newly-appointed acting First Party Secretary in Tibet, was more concilatory in an ioterview last month.

Monument to the past—the Palace of the Dalai Lhama in Lhasa

"Surely be couldn't have wanted them to do these unpleasant things." Tbe unpleasant things were nnt spelt nut, but apparently related to emotional speeches given by delegation members. These were considered by the Cbinese to be inflammatory.

Mr. Yin was confident the Dalai would return to China to play an active role in Tibetan affairs.

Tibetan exiles, bowever, bave another view. One member of the visiting delegation said tbat at the momeot there was "no question" of the Dalai Lama returning. Members of the delegation were extremely critical of living conditions in Tibet, describing them as "horrible." They also accused the Cbinese of attempting to destroy Tibetan culture.

The Dalai Lama, bowever, appears to bave changed his tune and may well be at odds with some of the more militant Tibetan exiles. Interviewed earlier this year, the 44-year-old Dalai described the Chinese attitude towards Tibet as "more moderate, more reasonable, mnre understanding and more realistic."

This was a very different line from tbe one be bas pursued through most of his 20 years of exile. As recently as late 1979 be was saying be would not return under Chinese rule.

The problem for the authorities if he does return is wbere to accommodate bim and wbat tasks to allot bim. There is also the added risk that rather than being a positive force, the Dalai Lama, simply by his presence, could provoke further unrest.

This is something the Chinese simply would not tolerate.

That they are prepared to take the risk shows bow anxious they are to secure the Dalai's return. For the exiled God-King the problem is that in the eyes of many of his followers be would be little more than a Chinese puppet if he did come back.

A possible compromise is for the Dalai to pay e visit to Tibet to test reaction both inside bis own country and among exiled Tibetan nationalists.

Despite all the obstacles, the Chinese remain confident. As Mr. Yin said: "We will welcome the Dalai if he comes back. I think there is a great possibility of his returning."

JOBS COLUMN

What is numeracy, that is the question

BY MICHAEL DIXON

ANSWER the following questions, please.

1—A week ago, when my car's mileage read 12,392, I filled up the petrol tank which took 10 gallons. Today, with the mileage reading 12,689, I again filled up the tank which took eight gallons. How many miles per gallon has my car been doing?

2—What number when multiplied by the square root of two would equal the square root of 18?

3—If you borrowed £1,500 at simple interest of 7 per cent over nine years, how much would the interest amount to?

4—Your wage of £50 weekly is to be increased by 6 per cent and by £1 a week. What will your new wage be?

5—What, in terms of tonnes, would be a reasonable weight for an elephant?

6—Suppose you were selecting 16-year-old school-leavers for work entailing basic numeracy, as distinct from anything worthy of the term specialist mathematical skill. Which of the above questions would you require the young applicants to answer correctly before you would give them the job?

My reason for posing these questions is twofold. First, it is generally accepted that basic numeracy is becoming more and more important not only to working, but also to living successfully in an increasingly complicated world. Second, questions like the first five cited were included in tests given to 13,879 youngsters nearing the end of their 11 years of compulsory schooling, as part of a national survey of the maths abilities of children aged 15-*plus*. *The results of the survey*, made by the Assessment of Performance Unit of the Department of Education and Science nearly two years ago, were published yesterday.

Although the answers to those first five questions are now known to me, I am not going to give them. Of themselves, they are not of any general importance.

But the sixth question, as to which of the previous five entail essential elements of basic numeracy, is different. It extends into the generally, and possibly crucially important question of what the dickens is this basic numeracy which we all seem to agree is increasingly important to working and living? And while the answer to that may be known to a few people in particular, there does not appear to be any agreement on the answer in general, not even by the sections of society who insist most vehemently on the importance of whatever the term represents.

Take employers for instance. Lots of them clearly want numeracy in their employees. But simply by wanting it, and perhaps being able to recognise it when they encounter it, employers do nothing to ensure that they will get it. Not, at least, for so long as whether or not new recruits are numerate depends on what is done to them previously by a separate, if not isolated body of people called teachers.

Precision

In that case, if employers are to get the numeracy they say they want, they first need to define how it is constituted with sufficient precision to provide teachers with a specification of what does, and what does not, need to be taught.

The present lack of any significant effort to make possible this essential communication, is exemplified by the survey of 15-year-olds' maths proficiency. The Assessment of Performance Unit which set up the tests, strongly denies that the results were intended to be, or are capable of being used to form a sensible idea of whether the teenagers' maths standards are satisfactory. The purpose of the testing was to establish a yardstick, against which the results of similar testing in future could be seen to be improving or deteriorating.

It's all relative, you see, and in the mind. Brutal notions about finding out whether the levels of proficiency indicated by the tests, now or in future, are sufficient for successful living and working in real life, have nothing to do with it.

Fortunately, this pathologically introverted, intellectual attitude on the part of the Assessment of Performance Unit, does not altogether prevent us from putting its expensive survey to some potentially practical use. Which brings me back to the first five questions and in particular, to the 15-year-olds' relative success in answering them correctly.

Number one — how many miles per gallon—was solved by only one in every 20 of the youngsters to whom it was put. The main difficulty for the others was apparently in deciding whether it was the 10 gallons or the eight gallons which was relevant to the calculation required.

The second question involving the square roots was answered three times more successfully: by 15 per cent, though I wouldn't be surprised if a fair number of readers are still unsure of the right answer.

The correct solution to the third, simple-interest problem was produced by about a quarter.

Of the children nearing the end of compulsory schooling who were asked to calculate what a 6 per cent plus £1 a week rise would mean, before tax of course, only two in every five did so correctly.

But when it came to deciding the reasonable weight of an elephant in tonnes, which dumbfounded me, no less than 55 per cent got the right answer.

Now, it would be wrong to belittle accomplishments such as the ability to manipulate tonnes in terms of elephants. Such skills have a definite practical value, and I am glad to disclose that the problem of deciding what is a reasonably warm temperature in degrees Centrigrade was solved even more successfully—by 80 per cent. That, too, is more than I could do off the top of my head.

The inability to "sense" metric measures, however, is surely not all that worrying provided one knows how to convert into metric terms the measures which one *can* sense. Nor am I much bothered by the large-scale failure to solve the square roots problem.

What is worrying is the relatively small proportions of the 15-year-olds able to cope with questions three and four, which represent the sorts of problem they will soon be meeting in real life.

But what is most worrying is the abysmal results to the first question, particularly since a major cause of failure was inability to decide which of the figures available was pertinent to the solving of the problem.

Evidence of the same fundamental, crippling confusion about numbers crops up elsewhere in yesterday's report. For example, when given straightforward problems of addition, subtraction, multiplication and division presented as "sums" with the numbers to be computed arranged one above the other, 80 per cent of the teenagers solved them correctly. But when similar problems were presented horizontally, with the numbers alongside each other, the success rate fell by 20 per cent or so.

Moreover, when told that "all pupils at Castle School were boys" and that "K. Smith was a pupil at Castle School," 90 per cent were able to decide that K. Smith was a boy. But told that "Manx cats have no tails" and that "my cat has no tail," and asked "is my cat a Manx cat?" only 40 per cent could see that they could not tell from the information available.

To my mind, the clarity of understanding which enables one to reach that last kind of decision — to perceive what can and what cannot be concluded from the information obtainable — is the essential foundation of numeracy. If so, whatever the right lines may be, the survey indicates that much of the teaching in our schools is on the wrong ones. And the professional educators do not seem to be greatly concerned to correct this position.

So if employers really want better numeracy, they had better start doing something to ensure that teachers know how to develop it. Surely the Confederation of British Industry should take a firm lead in doing so—and soon.

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Challenging opportunity to develop business for European Bank, minimum 3 years active experience.

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BANKING MANAGER AIB (to 38)	c. £14,000
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Please contact Mike Pope
Please contact Mike Pope or Sheila Ankertell-Jones
01-236 0731

Q.S. Banking
Recruitment Consultants
30-31 QUEEN STREET, LONDON EC4

Chief accountant

North London, to £14,000 + car

C&L

For a soundly based company in the financial sector which has expanded rapidly since its formation in 1972 and is well placed for further growth.

Reporting to the Managing Director responsibility is for the financial function. There is a small office staff and systems are computerised.

You should be a chartered accountant, preferably in your 30's, with sound commercial experience since qualifying. Flexibility and a practical approach are essential.

Résumés including a daytime telephone number to J G Cameron, Executive Selection Division, Ref. C276.

Coopers &Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Shelley House, Noble Street
London EC2V 7DQ

Apart from their Dutch branches, Pierson, Heldring & Pierson N.V. also has several offices in key financial centers around the world. One of them is the Hong Kong branch, an important basis for Pierson's activities in the money market.

Pierson Hong Kong is looking for Senior Money-Market/Forex Dealer

The Dutch bank Pierson requires a senior dealer for its Hong Kong Branch office. His prime responsibility will be to run and expand money-market operations of the branch. He will work in close co-operation with the senior Foreign Exchange-dealer and will replace him in his absence.
The successful candidate is likely to meet the following requirements: 5-10 years experience gained in the dealing room of a major bank; thorough knowledge of the NFL, Euro $ and Euro DM market; representative, outgoing personality, who is also capable of and interested in selling the services of the bank to other institutions; 30-35 years old.
Preference will be given to Dutch nationals but others might be considered if their qualifications are especially good.
An attractive compensation package will be offered including full expatriate benefits.

Please send a detailed curriculum vitae to
Pierson, Heldring & Pierson N.V. Personnel Department, Herengracht 244, 1016BT Amsterdam The Netherlands. Telephone 020-211188.

PIERSON, HELDRING & PIERSON N.V.

NATIONAL **Girobank**

Chief Accountant and Senior Accountants Merseyside

National Girobank is one of the fastest growing financial institutions in the UK and its Finance Department is expanding to meet the challenges this brings in terms of financial control and timely advice to operational management and Directors. To strengthen our financial management team, we now wish to recruit the following:

Chief Accountant

to direct the financial accounting operations of National Girobank and to oversee the future development of all accounting systems, financial and management, within the business. Candidates, preferably Chartered Accountants, should have several years' post-qualification experience at a senior level in large commercial organisations. They should be able to demonstrate strong leadership qualities, and be able to make a major contribution to the financial management of our business. It is unlikely that someone under the age of 35 will have sufficient maturity and experience for this senior and demanding post.
Salary negotiable up to £16,650, plus 1980 review.

Accounting Development Manager

to review and develop the financial and management accounting, control, and related information systems within Girobank. These include accounting development involving microprocessors and computer models. An accountancy qualification is essential. Our preference is for a person who has specialised in the development and implementation of a wide range of computer based financial accounting and management information systems. Particular familiarity with microcomputer applications and financial modelling would be an advantage.
Salary negotiable up to £13,480, plus 1980 review.

Financial Accountant

Responsibilities will include preparation of the financial accounts of the business, maintenance of effective accounting systems, monitoring the funds available for investment, and providing domestic financial services. We are looking for a qualified accountant with solid commercial experience and evidence of successful management of a large financial accounting department.
Salary negotiable up to £13,480, plus 1980 review.

Computer Audit Manager

Girobank systems are extensively computerised and there are prospects of further computerisation as the service grows. We are now strengthening our Internal Audit function. Candidates, preferably qualified, should have considerable experience of managing a computer audit team, ideally in a banking or similar financial environment.
Salary negotiable up to £12,145, plus 1980 review.

National Girobank's offices are located at Bootle, Merseyside, and are close to attractive residential areas. The posts advertised are permanent and there is a contributory pension scheme. Initial holiday entitlement will be five weeks. Some help may be given with re-location costs.
Interviews may be held in London or Bootle, but in the first instance applicants, men or women, should send a full curriculum vitae to: G.W. Cox, Personnel Controller, National Girobank, BOOTLE, Merseyside GIR 0AA.
Should applicants require further information or wish to discuss these appointments before making an application, they may call our Finance Director, Mr. David Baggaley, on 01-600 6020.

TWO CHIEF ACCOUNTANTS

Athens **c. £13,000 and £15,000 tax free**

A fast-growing profitable international Group is seeking Chief Accountants for two of its companies, one in the shipping/trading business, the other in engineering consultancy.
These are the senior accounting appointments in each company, reporting to the respective Boards, offering wide responsibility and excellent prospects. The Group already has a thriving nucleus of U.K. accountants operating from its Athens offices.
The successful candidates will be professionally qualified accountants, probably aged 30-35, preferably with overseas experience.
One appointment demands at least three years experience as a manager of other qualified accountants. Some managerial experience is necessary for the second appointment.
Salaries are paid in U.S. dollars, starting at equivalent of the above figures.
Athens is a relatively inexpensive city, and other benefits include interest-free car loan, one month's holiday per year with free flight home, etc.
Please telephone Windsor (075 35) 56723 for an application form, or write enclosing a CV and quoting ref: R 222 to Robin Podd B.Sc., M.B.A.,
Barnett Keel International Limited, Providence House, River Street, Windsor, Berkshire SL4 1QT.

Barnett Keel
INTERNATIONAL

This advertisement is featured on page 599011 of Prestel

Financial Controller

Northern Home Counties **c. £18,000**

Growth and the attendant need for greater sophistication in *financial planning and controls lead to the creation of this* position in a major subsidiary of a public group.
The company is a world leader in its field and has a turnover in excess of £100m.

Reporting to the financial director, the person appointed will be responsible for a large staff and contribute to improved control and planning procedures. The growth prospects for both the company and the individual are exciting.

Suitable candidates, *male or female, will probably be around* 40 and must have a recognised accounting qualification. They will have broad experience at controller level in a large operating company or as a manager in a large professional firm.

For an application form telephone 01-236 3561 (24 hour service) or write to M. J. H. Coney, Executive Selection Division, quoting reference 2429/L.

Peat, Marwick, Mitchell & Co.

165 QUEEN VICTORIA STREET, BLACKFRIARS, LONDON, EC4V 3PD.

Oil Trader

London

We seek a person to become President of a London trading company which is 100% owned by a US domestic crude oil and products trader and producer. The President of the newly formed London company will report to the board of the US Company. The job will be to acquire crude oil for the US Company and additionally to trade in crude oil in the European market.

Applicants must have considerable experience in dealing with the purchase of Crude oil on a contract basis from producing countries and additionally must be well experienced in the field of crude oil trading. It is unlikely that the successful applicant will have had less than 15 years experience in crude oil supply and or trading.

Terms and conditions are negotiable and will be in line with the importance and responsibility of the post.

Please apply with full c.v. listing those companies to whom you do not want your application sent, to:
Position No. MA 295, Robert Marshall Advertising Ltd.,
44 Wellington Street, London WC2E 7DJ.

Robert Marshall Advertising Limited

Financial Accountant

London *£13,500 + car*

The Tampimex Group, a well *established international* group of companies whose principal activities include exploration, purchasing, transportation, processing and marketing of crude oil and refined products wish to employ a Financial Accountant to join its small, highly experienced team located at the group headquarters in Victoria.

The Financial Accountant will report directly to the Finance Director, and be primarily responsible for the control, review and preparation of group management accounts and financial information for management.

Applicants, male or female, must be Chartered Accountants aged 25-32 years with a lively and imaginative mind, good communicative skills, and the ability to work closely and effectively with all levels of management.

In addition to salary and car, benefits will include excellent free pension arrangements, life assurance and medical cover.

Please write in confidence for further details and *application form to: Michael R. Andrews, Executive* Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY, quoting MCS/7018.

Price Waterhouse Associates

HOARE GOVETT (MONEYBROKING) LTD.

SENIOR MONEY MANAGER

The Stock Exchange Moneybroking subsidiary of Hoare Govett Ltd is looking for a senior executive with experience of sterling money markets. Candidates should ideally be in their thirties, and be accustomed to taking responsibility for the management of money. Salary will be commensurate with experience and is negotiable.

Please reply in confidence to:

R. J. Dennison,
Hoare Govett (Moneybroking) Ltd.,
27 Throgmorton Street, London EC2N 2AN

Mellon Bank, N.A.

requires two

BUSINESS DEVELOPMENT EXECUTIVES

to join its London Branch to assist in the U.K. corporate calling programme. Age 24-30. Credit analysis experience is required. Excellent promotion prospects. Graduate/professional training preferred. Salary will depend upon experience.

Please apply in full confidence to:
H.R.V. Wessel, Senior Personnel Consultant,

NOEL ALEXANDER ASSOCIATES LTD.
International Advisers to Banks & Financial Institutions
70 QUEEN VICTORIA STREET, LONDON EC4N 4SJ

Assistant Company Secretary

Diverse Manufacturing Engineering Operation

c.£10,000 - mid twenties - London

The continued success of this Group is due in no small measure to the policy of providing its autonomous subsidiaries with optimum support and encouragement, and minimum interference. The corporate staffs have played a significant role in this success story with the Company Secretary's department well to the fore. What is now needed is a qualified ACIS with some experience, who will report to the Company Secretary, providing professional back up across the complete spectrum of the secretarial discipline, and who sees the role as having a significant and positive contribution to make to the profit column of the Group. As well as general secretarial, legal and pensions matters, the successful candidate can expect very quickly to have a major involvement in the Group's insurance arrangements, whilst at the same time taking on the complete company secretarial responsibilities for a major subsidiary. However, like any staff specialist, professional ability is not enough, and success will depend as much on your inter-personal skills and the ability to sell yourself. There can't be many jobs in the company secretarial field offering this sort of challenge and opportunity at such an early age. Not the job for the faint-hearted, this is that unique *chance for the young professional who wants to be part of a continuing* success story. Please write, with full career details, to Ronnie McDuell.

Applications, which may be from male or female candidates, will be treated in complete confidence and should quote reference 0092/RCMcD.

BROOK STREET EXECUTIVE RESOURCES LIMITED

47 Davies Street, London W1Y 2LN. Telephone 01-499 7382

The Executive Selection Company of the BROOK STREET Employment Service Group

Senior Banking Opportunities in Canada

The Canadian Banking Industry is quickly earning a reputation for being one of the most dynamic and change oriented growth sectors. To meet the client requirements and market conditions of the 80's, Canadian chartered banks are attracting to their ranks, financial specialists and bankers with distinguished career records.

The Bank of Montreal is a leading Canadian commercial Bank. We have a reputation for our innovative and successful approach to banking. We are currently seeking a number of talented, senior bankers to maintain our leadership in a rapidly expanding market —*a market which requires a constantly changing range of* financial services.

Outstanding career opportunities in Canada are offered to individuals at senior levels, with extensive commercial lending experience, individuals with an entrepreneurial aptitude to develop in all facets of commercial banking. As you would expect, career advancement is geared directly to performance.

Senior Lending Officers

Candidates must be experienced bankers with significant credit expertise. *We would expect these individuals* to have had lengthy experience in credit granting, in both line and staff posts, to be able to independently and objectively analyse complex risk situations and to develop imaginative and innovative solutions.

Candidates will preferably have a good working knowledge of portfolio management and credit/advances department administration and will have exercised substantial credit authority. Following an initial orientation period, candidates will be expected to operate with broader discretionary limits.

Corporate Banking Managers

Candidates must be self-assured marketers, shrewd and accomplished at dealing with senior management in the analysis and negotiation of sophisticated loan arrangements and banking services.

In this capacity they will be accountable for the development and management of profitable loan, deposit and service business of large and complex corporate accounts. This responsibility will tax their overall management resourcefulness, analytical and interpersonal skills to the utmost.

If you meet the above criteria, why not explore these exceptional opportunities with us. We'll be here in November to meet you and discuss in detail, the opportunities we offer. We'll talk to you about salary, benefits (including relocation assistance), Canadian lifestyles, living costs, immigration — in fact, everything you need to know about us and Canada.

For a confidential discussion, please write immediately including fullest possible details about yourself, your qualifications and your experience to date.

Mr. J. W. Green, c/o Personnel Manager, Bank of Montreal, 246 Bishopsgate, London EC2M 4PA.

The First Canadian Bank

Bank of Montreal

OVERSEAS DEVELOPMENT

KNOW-HOW-vital to developing countries

INDUSTRIAL PROMOTION EXPERT

ST. VINCENT

Within framework of Development Corporation to work closely and relate to external consultants and other specialists on sectoral identification based on experience; company identification and investor selection; preparation of new, and updating old industrial promotion material; company promotion on basis of desk work, and organising promotional field visits; administration and organisation of developing relations with investors; assistance to investors in developing projects in St. Vincent and Grenadines. Experienced in industrial promotion and economic developments working in less developed countries, and with private sector; willingness to travel within Caribbean and elsewhere at short notice plus understanding needs of private sector in identifying and developing viable projects.

Appointment 2 years. Salary U.K. taxable £13,350 - £16,675 p.a. In addition, variable tax free oversea allowance in scale £1,385 - £3,495 p.a. according to domestic circumstances.

The post is wholly financed by the British Government under Britain's programme of aid to the developing countries. In addition to basic salary and overseas allowances other benefits normally include paid leave, free family passages, children's education allowances and holiday visits, free accommodation and medical attention. Applicants should be citizens of the United Kingdom.

For full details and application form please apply, quoting ref. E328/D stating post concerned, and giving details of age, qualifications and experience to:—

Appointments Officer,
OVERSEAS DEVELOPMENT ADMINISTRATION,
Room 301, Eland House,
Stag Place, London SW1E 5DH.

ODA HELPING NATIONS HELP THEMSELVES

RH

A.C.A.

American based **£11,000-£14,000**

A first class Chartered Accountant is required to join the Corporate Finance Department of a medium sized subsidiary of a large U.S. Corporation providing offshore services to the oil industry. Reporting to the Vice President Finance, the successful candidate will be involved in financial and management accounts, systems development, special projects and quality control. 75% travel, world-wide. Excellent prospects for an ambitious young accountant.

MANAGEMENT POTENTIAL

Middx. **c£13,000 + Benefits**

A leading food products company require a first class manager to head their Management Accounting Department. They seek a qualified accountant (A.C.A., A.C.M.A., or A.C.C.A.) aged 25-35 who can communicate at all levels. A relevant degree would be an advantage. The successful candidate will possess supervisory experience and be familiar with computer based accounting systems. The opportunity exists to progress to a senior management position within 12 months.

AUDIT MANAGEMENT

S.W. Herts **£10,000 + Car**

A household name company with a turnover in the region of £1,000m has a senior vacancy arising due to internal promotion. The appointment involves the supervision of a dozen audit staff, reviewing their reports, discussing these with senior executives and carrying out special projects and investigations. Although some travel will be involved, the amount of time spent away from home will be limited.

CORPORATE AUDITOR

C. London **c£10,000**

Qualified, competent and self starting are the essential qualities required by this demanding high travel appointment. Above average remuneration and the prospect of a line position within about two years are the rewards for successfully carrying out a job that will take you to *most parts of the Eastern Hemisphere. This excellent post qualification* experience in the oil industry is not for the faint hearted.

GROUP ACCOUNTANT

Central London **£9,500**

A challenging opportunity for a young qualified A.C.A. seeking either his/her first move from the profession or a more progressive industrial career pattern. Arising in a £400m turnover diverse industrial group, this senior divisional accounting position requires sound technical expertise *plus ability to control and motivate seven staff.* Group prospects are excellent whether ultimately you seek a financial or an operational role.

Lee House, London Wall, London EC2Y 5AS Tel: 01-606 6771

ROBERT HALF

Accountancy & Financial personnel specialists

THE ROYAL BANK OF CANADA

requires an

ECONOMIST/BANKER

for our Europe, Middle East and African operation headquartered in London, England.

The successful candidate should have an M.A. in economics (or equivalent) and be familiar with international banking, trade and development issues. The position also requires a sound knowledge of international capital markets, interest rate and exchange rate forecasting techniques as well as strong analytical skills. Knowledge of European business languages (French, German) is an additional asset.

You should have at least three to five years of practical experience in a banking, other commercial or government environment. Proven ability of integrating economic analysis into line operations is essential. Good writing and communication skills are not enough: you have to translate your analysis into operative recommendations and you will have to provide both efficient and qualified response to frequent ad-hoc requests.

You will be reporting to the Area Vice-President and General Manager and your colleagues on the job will be line credit officers. Economics at Head Office, Montreal, will back you up with analysis and information material just as you are expected to provide Head Office with regular economic input. A three- to six-month training and "break-in" period in Montreal will precede your posting.

This is a very attractive career position. Being part of the Royal's global banking network offers you numerous opportunities for subsequent progress. Remuneration will be commensurate with experience in addition to our excellent employee benefits programme.

When you succeed... we succeed.

Please write in confidence to:

Mr J. B. Reynolds
Manager, Corporate Personnel Services
The Royal Bank of Canada, 2 Palace Gate, London W8 5NF

Internal Auditor

Dublin **£11-14,000 + car**

A leading financial institution, with a network of branches throughout the Republic of Ireland, is seeking an experienced person to set up and manage its newly created Internal Audit Department.

The person appointed will direct and co-ordinate the activities of a small team whose initial task will be to review existing internal audit systems *and procedures and make recommendations on* the restructuring thereof. On-going responsibilities will include monitoring and reporting on all internal audit and control aspects of the company's operations.

Candidates, probably aged 35-40, should ideally hold a relevant professional qualification and should be keen to develop their career in internal auditing. Most important will be extensive experience of auditing the activities of a financial institution combined with good management and communicative skills.

Salary is likely to be in the region indicated. A car will be provided and, in addition to a non-contributory pension scheme, the company provides very attractive mortgage facilities. *Reasonable relocation expenses will be* reimbursed.

The identity of candidates will not be revealed to our client without prior permission. Candidates should write for an application form, quoting Reference AA49/480D, and advise if they have made any other recent application.

PA Management Consultants (Ireland) Ltd.

Personnel Services Division, Hume House, Ballsbridge, Dublin 4.
Offices also in Cork.

PA

A member of PA International

Assistant Treasurer

West London *Five figure salary + car*

A multi-national Group operating in 50 countries seeks to recruit an individual to assist with its international treasury operations.

These include the raising of funds, the management of the Group's borrowings worldwide and the Group's foreign currency exposure.

Candidates, male or female and aged 28 to 35, should possess a university degree, professional qualification and previous experience of treasury operations. Equally important are negotiating skills, resourcefulness, and an ability to communicate at all levels.

Applicants should send full c.v., quoting ref: AMA 8042, to Position Number Supervisor, Austin Knight Limited, London W1A 1DS. Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a separate letter addressed to the Position Number Supervisor.

Austin Knight Advertising

AK LONDON

Director General, Finance & Administration

US$50-60,000 tax free

The Aga Khan Hospital and Medical College is now under construction in Karachi, Pakistan; the main construction contract has been awarded to an international contractor.

A senior executive is required who will have overall responsibility for all financial, personnel and administrative functions, and will lead a team of senior professional managers in these fields. This position reports directly to the Chief Executive.

Applications are invited from those with proven experience of handling similar responsibilities in multi-million dollar construction projects, preferably in the developing world.

This is a prestigious contract; impeccable references are essential. Additional benefits will include a car, furnished house etc.

Please contact: John Steeds, Manager,
Commercial Division, Overseas Recruitment Services,
37 Golden Square, London W1R 4AL.
Telephone: 01-439 9481.

ORS Limited

INTERNATIONAL AUDITORS

Age 23-26 **£Exc.**

Once again, we're on the recruiting trail for both trainee (and to a lesser extent) experienced Branch Auditors; and at the risk of repeating ourselves we would be particularly interested to hear from disillusioned graduate banking trainees with part or all of their A.I.B. If you fall into this rapidly-expanding category and your disillusionment is a symptom of frustrated ambition, and not merely a synonym for lack of talent, our client offers one of the most demanding, yet satisfactory, roles in International Banking: world-wide travel and the backing of one of the world's major banks. In view of the demanding nature of this job only single people will be considered.

For further details please contact: TREVOR WILLIAMS
OR MARK STEVENS (GENERAL MANAGER)
Our name is your guarantee of confidentiality.

BANKING PERSONNEL
41/42 London Wall·London EC2·Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

PHILLIPS & DREW

Pension Fund Department

Phillips & Drew are looking for a young person who has already had 1-2 years' experience of institutional investment and is seeking to develop his or her interests in practical fund management. Initially he/she will act as an assistant to one of our Fund Managers, with responsibility for administration, portfolio performance and research assignments, but the opportunity will be there for the successful candidate to develop his/her aptitude for fund management.

The ideal candidate will either be a graduate in Economics or Mathematics, or a person who has made progress in the Actuarial examinations, and the starting salary will be commensurate with such experience.

Application forms can be obtained by telephoning
or writing to:
A. G. Wright, Staff Manager
PHILLIPS & DREW
Lee House, London Wall, London EC2Y 5AP, Tel: 01-628 4444

Senior Appointments

COMPANY ACCOUNTANT

South London **£10,000 + car**

Our clients, a leading service in the computer industry, seek qualified accountant to take control of all functions in this large autonomous accounting department.

Duties will include liaison with various departments to ensure the smooth flow of management information, preparation of budgets, systems development along with ad-hoc investigations.

Working with direct responsibility to the Financial Director this vacancy provides a platform for rapid progress in a growth industry. Ref. B1553.

Contact Gordon Montgomery or Chris Denington on 588 5105

ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS
41 London Wall, London EC2M 5TB. 01-588 5105

Credit Management
West London

Citibank Trust is today's most progressive finance organisation. We're a highly successful subsidiary of one of the world's largest banks offering a unique range of financial services to businesses through a growing number of branches across the country.

Continued growth has created the need for a finance professional who will be trained to take over the management and development responsibilities of our increasing dealer lending business. It's a complex end wide ranging role which blends a high technical content with a substantial amount of direct customer contact.

Responsibilities you'll take over will include assessing the credit worthiness of potential clients through thorough analysis of financial statements, negotiating terms and conditions of the loans directly with the customers and the administration management of existing business. You will also be involved in the identification and development of new markets and providing specialist advice on new product areas.

The job calls for at least three years credit analysis experience in a banking or lending institution and an understanding of relevent law. The ability to understand corporate balance sheets is a pre-requisite although we will provide you with advanced training.

Ideally a graduate in a numerate discipline, the right applicant will have first class communicative skills, obvious managerial potential and the personal dedication to make the most of the career opportunities this position carries. A flexible, hardworking and tenacious approach, together with a well developed business acumen are essential to the job.

We offer an attractive starting salary and a fringe benefit package which includes low-cost personal loans and mortgages after a qualifying period.

If you have the personal and professional qualifications needed for this post write quoting ref. FT/005 to Adrienne Fresko, Recruitment and Manpower Planning Officer, Citibank Trust Ltd., St. Martin's House, 1 Hammersmith Grove, London W.6. Telephone: 01-741 8000.

Citibank Trust

CJA RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

BANK ANALYST

CJRA

CITY — COMPETITIVE REMUNERATION

A LEADING FIRM OF LONDON STOCKBROKERS

Our Client wishes to recruit an analyst to cover the banking sector. A minimum of one year's analytical experience in this industry is required. The successful applicant will join a firm which has a wide spread of Stock Exchange business and is committed to maintaining its high reputation in research. Remuneration is extremely competitive and generous fringe benefits are available. Applications in strict confidence under reference BA12649/FT will be forwarded unopened to our Client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager:

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED
35 NEW BROAD STREET, LONDON, EC2M 1NH

Managing Director
Light Engineering

£15,000 + equity — **N. London**

Over the last 20 months this old established, £100,000 specialist subcontract manufacturer of quality light engineering products has been returned from losses nearly to breakeven. There is considerable scope for further development and it now presents an opportunity for someone with a successful track record running a similar, or slightly larger, business to acquire a substantial equity stake for a nominal or modest investment.

Candidates of all ages will be considered but must understand that they will need to be fit and prepared to work hard for long hours initially. They will have to sell, manage production and control finance personally.

Terms are for negotiation with the present owners (one a man of considerable achievement in British Industry) who will retain the balance of the equity.

Please write, in confidence, quoting Ref 697/FT and giving details of experience, age, qualifications and present salary to:

CB-Linnell Limited
8 Oxford Street, Nottingham
MANAGEMENT SELECTION CONSULTANTS
NOTTINGHAM - LONDON

Chief Accountant

Bucks/Berks Border — c£15,000+car

Our clients have a £70m. T/O, employ 3,500 people and are part of a marketing-oriented international group with a diverse product range. Reporting to the Financial Controller, the Chief Accountant has a department of over 30 people with experienced/qualified supervisors and extensively computerised systems. The department provides a series of key reports as well as developing the financial data base from which all management information is generated. The Chief Accountant must therefore ensure that accurate data is produced to strict timetables. Similarly he or she must continually monitor systems to ensure their effectiveness and will contribute significantly to the systems development work which is now imminent. Applicants should be qualified Accountants aged 30-40 with experience of managing staff in a substantial industrial or commercial organisation. Ref. 1525/FT. Apply to R. A. PHILLIPS, ACIS, FCII, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

Phillips & Carpenter
Selection Consultants

UNIT TRUST DEALER

Fidelity International Management, the new UK division of the successful Fidelity Investment Group now requires a young person, probably in their early to mid twenties, as an assistant to our Dealing and Advisory Manager. The position will cover dealing on behalf of our Authorised Unit Trusts and Offshore Funds, and some stock market/investment experience is desirable. The person must be articulate and numerate with a pleasant telephone manner. A competitive salary and attractive bonus accompanies this position. This is a unique opportunity to join our small, rapidly expanding team at an early stage of Fidelity's UK development.

Please reply promptly with full C.V. in strictest confidence to:

Peter Hargreaves
Dealing & Advisory Manager
FIDELITY INTERNATIONAL
MANAGEMENT LTD.
Buckingham House
62/63 Queen Street
London EC4R 1AD

South East Asia
SALES & RESEARCH

VdaC

Vickers da Costa Ltd. have a well-established and fast expanding business in South East Asian securities and require additional staff, based in the City, for their research and sales teams covering S.E. Asia.

The positions will involve liaison with institutions as to market and company trends as well as detailed research work and would suit candidates with good experience in stockbroking or the S.E. Asian area. Remuneration will be competitive with good fringe benefits.

Please forward a full curriculum vitae to:

Mrs. J. E. Shaer, Personnel Manager,
Vickers da Costa Ltd., Regis House,
King William Street, London EC4R 9AR.

Managing Director c.£40K
Chief Accountant c.£23·5K

Our client, a well-known Nigerian-based company manufacturing and distributing soft drinks, urgently requires two senior executives. Overseas experience and qualifications are preferred, together with a background in a similar industry. Turnover is £12m and expanding rapidly. Applicants should be at least 40 years old. Benefits include free family accommodation, car, staff, travel to U.K. and assistance with school fees.

Please contact:
John Steeds, Manager,
Commercial Division,
Overseas Recruitment Services,
37 Golden Square,
London W1R 4AL.
Telephone: 01-439 9481.

ORS Limited

GENERAL MANAGEMENT
(Speciality Chemicals)

A PROOUCT LINE MANAGER is required for the Service Chemicals Division which is a subsidiary of one of the world's largest multi-national industrial corporations. This Division manufactures and sells chemicals for the paper, food and other, general industries.

He/her will lead this Oivision, with Sales, Marketing, Manufacturing and R&D Managers aswering to him/her. Sales are already £2m and will double in four years through market expansion and the introduction of new products and technologies.

Applicants should be:

— Technically qualified. Graduates preferred.
— 35/45 years of age.
— Experienced in the Sales and Marketing of Speciality Chemicals.
— Innovative and commercially competent.
— Capable of professionally managing a young, effective team.

The appointment is located in the London area and a salary of £15.000-£20.000 is proposed.

Reply in guaranteed confidence (enclosing a curriculum vitae) to:

A H & A EXECUTIVE SEARCH CONSULTANTS
4/5 De Walden Court
85 New Cavendish Street
London W1M 7RA

South Coast Building Society
GENERAL MANAGER/SECRETARY

Applicatioos are invited for the above position. The Society has a main office as well as a branch office and requires a General Manager capable of expanding the Society's business. The incumbent, who would have complete responsibility for the day-to-day running of the Society, would also be required to act as Secretary reporting directly to the Board. Applicants should therefore have proven administrative ability.

Written applications, with detailed curriculum vitae should be sent to:

Box A.7298, Financial Times
10 Cannon Street, EC4P 4BY

Accountant
for a Wide-Ranging Group Role

Five figures + car — Scotland

This is a new appointment offering interesting career opportunities in a highly successful public company with a turnover in excess of £100 million and now entering a new phase in its development. Initially the prime responsibility is to work with senior management at group and in subsidiary companies in appraising and improving control procedures. The role will develop to become more wide ranging covering both financial and operational aspects of the companies. Candidates, male or female should be qualified accountants aged 28-35 either with industrial experience or significant investigation work experience in the profession. They must possess personal qualities of maturity, drive and an inquisitive mind necessary to perform this role effectively. They should be prepared to travel within the UK and overseas. Salary is negotiable in five figures plus car and other benefits are those associated with a major company.

Ref: AA45/7448/FT

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hobart House, 80 Hanover Street, Edinburgh EH2 1EL. Telephone: 031-225 4481. Telex: 72556.

PA
A member of PA International

Carreras Rothmans

Regional Auditor

c. £8,000 — **based Rayleigh, Essex**

This is a new position within the Internal Audit Department of Carreras Rothmans Limited. The successful applicant will primarily review the systems of internal controls operated by the management of a subsidiary company which operates from 13 depots throughout the United Kingdom and a Head Office in London.

Applicants should have experience in either internal or external auditing and be studying for a recognised accountancy qualification. The ability to work without supervision and communicate with management at all levels are prime requirements. A substantial amount of travelling will be involved and provision for this is included within an attractive benefits package, as would be expected from a major international company. Assistance with relocation is available where appropriate.

Please write for an application form to:
Barry Roberts, Personnel Officer,
Carreras Rothmans Limited,
Christopher Martin Road, Basildon, Essex.

1977

Managing Director
To £20,000

We wish to appoint a Managing Director capable of running and developing a wholly-owned engineering company using the highly delegated authority offered by the parent board.

The Company, based West of London, has a turnover of £3 million. Exports of its major products are made to N. and S. America and W. Europe.

The development potential of the company requires that successful candidates should possess substantial knowledge of modern presswork and diecasting technology combined with essential entrepreneurial and personal skills.

It is unlikely that candidates aged less than 40 would have the experience necessary to take advantage of this opportunity.

Please write in confidence to:

K. Chapman, Managing Director,
R & W Hawthorn, Leslie & Co. Ltd., Elvian House,
18/20 St. Andrew Street, London, EC4A 3AE.

R & W HAWTHORN, LESLIE & CO. LTD.

CONFERENCE MANAGER

Euromoney's expanding conference activity needs a responsible person to help develop programmes on international finance. This involves liaison with speakers, ability to understand their subjects, willingness to travel.

Write, with c.v. and salary indication, to:—
The Publisher, Euromoney
Nestor House, Playhouse Yard, London EC4 5EX

INTERNAL AUDITOR (ACA/AIB)

Our client is a medium-sized international Bank in London. They seek an Assistant Internal Auditor aged up to 26 who is preferably a newly qualified A.C.A. with Bank audit experience OR, exceptionally, an A.I.B. also with Bank audit experience. French would be advantageous. The salary is up to £8,000 plus benefits and the potential is excellent.

Please write in confidence to:
Mr. Mike Pope,
Q.S. Banking Recruitment Consultants,
30/31 Queen Street, EC4

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YOUNG, AMBITIOUS STOCKBROKING PERSON WITH LONDON EXPERIENCE REQUIRED BY EXPANDING NMW COMPUTERS LTD.

Attractive terms of employment are offered and a company car is included.

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International management and trust company established in Zurich seeks on behalf of one of its clients

QUALIFIED OIL TRADER

(aged 30-45) who is prepared to move to London to run oil trading business from there.

Requirements:

At least five years' experience in oil business (purchase and supply of finished products);

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Well-remunerated position with profit participation.

Please send your application with curriculum vitae, references and photograph to:

ORGONSULT S.A.
P.O. Box 199, CH-8045 Zurich

DG David Grove Associates 01-248 1858

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up to £15,000

Major Continental Bank requires a person with a minimum of 3 years' Foreign Exchange and Deposits Dealing in European Currencies.

Please contact:
JOAN MENZIES
on 01-248 1858

APPOINTMENTS

Ultramar group posts

Mr. William J. Sheptycki has been appointed managing director of ULTRAMAR EXPLORATION and ULTRAMAR NORTH SEA, the UK exploration and production subsidiaries of Ultramer Company. Mr. Sheptycki has been with the Ultramar Group for 12 years and prior to this appointment was manager in Jakarta of Ultramar's interests in Indonesia.

Mr. John A. Owers has become chairman of the two subsidiary companies while continuing in his position as executive director of Ultramar Company. Mr. Peter Breeze has joined the UK exploration and production companies as controller and Mr. John O. Small as manager of geophysics.

★

Sir Donald Tebbitt has been elected to the board of the RIO TINTO-ZINC CORPORATION. Sir Donald was High Commissioner in Australia from 1976 until his retirement in May, 1980, having previously served in Bonn, Copenhagen and Washington. He has recently been appointed director general of the British Property Federation.

★

Sime Darby Berhad states that Mr. P. W. Bickerton, at present group treasurer, has been appointed commercial director, western division, and deputy managing director of SIME chairman and deputy managing director of SIME DARBY LONDON from October 1.

★

Mr. S. William Willson has been elected chairman of the BIRMINGHAM BUILDING SOCIETY in place of Mr. Ernest S. F. Sutton, who has retired from the chairmanship and relinquished his seat on the Board.

★

Mr. J. H. P. F. Gerold has been appointed chief estate officer of the BRITISH WATERWAYS BOARD.

★

Mr. Denis Comper, chairman of C.A. Audio Systems, has joined RICHARD SWETTENHAM ASSOCIATES.

★

Dr. Ivan Klimes has been appointed a director and associate publisher at PERGAMON PRESS. He will be responsible for 160 of Pergamon's international research journals and will also control the development of electronic data bases in those fields. Dr. Klimes takes up his new position on November 1.

★

The Civil Aviation Anthority has appointed Mr. Norman Ashton Hill to be chairman, and Mr. John Foster, deputy chairman, of the AIR TRANSPORT USERS COMMITTEE from October 1. Mr. Ashton Hill succeeds Baroness Trumpington of Sandwich as AUC chairman.

He has been deputy chairman since October 1, 1979, and a member since 1976.

★

Mr. F. W. Goldsworthy has been appointed managing director of HEAVY TRANSPORT (ECC) from October 1. The parent concern is English China Clays.

★

Mr. Alan Banckham has been appointed sales director of WELDING UNITS (UK), a member of the Robert Smith Group.

★

Mr. W. M. Pybus has been appointed chairman of SIEBE GORMAN HOLDINGS in succession to Mr. G. C. D'Arcy Biss, who has relinquished that position but continues as a director.

Mr. W. M. Pybus

Mr. Biss had been chairman for nearly 20 years. Mr. Pybus joined the Board eight years ago.

Since 1968, Mr. Pybus has been chairman of AAH and chairman of British Fuel Company, a partnership between an AAH subsidiary, Amalgamated Anthracite Partners, and the National Coal Board. He is also a director of Cornhill Insurance Company, a director of National Westminster Bank (Outer London Region), and chairman of British Railways (Midlands and North Western) Board.

★

Mr. John Tandy has been elected president of the BRITISH VETERINARY ASSOCIATION. Other officers elected for the coming year are Mr. Dixon Gunn, senior vice-president; Dr. Tom Gibson, junior vice-president; Mr. Jim Allcock, honorary secretary; and Mr. Peter Clarke, honorary treasurer.

★

Mr. John Wallrock, chairman of Minet Holdings, has been appointed to the board of the CORROON AND BLACK CORPORATION of the U.S. Mr. A. W. Ames, at present a director of C. E. Heath and Co. (Underwriting), is to join Prescot Underwriting and Management Services as director responsible for the underwriting of a North American account for St. Katherine Insurance Company. Prescot is a member of the Minet Holdings Group.

★

Mr. George M. Carson is to resign from the partnership of A. C. GOODE AND CO. from March 31, 1981, but will continue with the firm as a consultant.

★

Mr. Richard Jewell and Mr. David Miller have been appointed vice-presidents of the UNITED CALIFORNIA BANK, Los Angeles. Mr. Isy Taman has become assistant vice-president. They are members of the London branch of the bank.

★

Mr. R. M. Keil, executive vice-president of DOW CHEMICAL, U.S., has been named chief financial officer and financial vice-president for the company. In addition to his position as financial vice-president, Mr. Keil will have primary control of evaluating acquisitions and merger opportunities. He succeeds Mr. G. J. Williams, who will relinquish his financial responsibilities on October 31 but will continue as a vice-president and director of the company.

★

Mr. M. P. Bowring, Mr. W. R. Boyle, Mr. R. G. Burwood-Taylor, Mr. P. A. Crozier, Mr. A. D. Dowlen, Mr. S. P. Fisher, Mr. P. H. A. Hallett, Mr. M. R. Haynes, Mr. J. H. F. Hayter, Mr. R. J. Nightingale, Mr. W. D. Robertson, Mr. D. J. Skeates, Mr. J. O. Street, and Mr. R. B. C. Tyndall have been appointed appointed directors of C. T. BOWRING AND CO. (INSURANCE).

★

Mr. C. Vernndachi has been appointed assistant general manager of BANQUE EUROPEENE DE CREDIT. Mr. P. J. M. Bulters has joined the bank as manager in charge of North America (U.S. and Canada), the Netherlands and project linked finance.

★

Mr. John F. Fox is to resign as managing director of ARBROOK PRODUCTS, of Livingston, Scotland, on October 1, because of ill-health, but will continue in an advisory capacity until the end of the year. Mr. Stephen J. Desmond is to become managing director and joins that company from Chicopee, in Wales, where he was managing director. Under Mr. Desmond's management, it is intended to merge the Surgikos Division of Johnson and Johnson with Arbrook Products. The newly formed company will be renamed Surgikos Limited.

COMPANY NOTICES

FINA ANGOLA, S.A.R.L.
Head Office in Luanda
Capital Kz. 200.000.000.00

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

In accordance with art. 180 of the Commercial Code and Art. 28 of the By-Laws of the company, the Board of Directors invites the shareholders of Fina Angola, S.A.R.L. to attend an Extraordinary General Meeting which will take place on the 9th of October 1980 at 11 a.m., at the Head Office of the Company in Luanda, Av. dos Restauradores de Angola nr 45-1°, with the following agenda:
—To give to Petrofina S.A., majority shareholder, power to negotiate with Empresa Nacional de Petroleos U.E.E. — SONANGOL, the transfer of the company and to determine the value of the company.

In accordance with art. 24 of the By-Laws, the shareholders having right to vote and to be represented, who wish to attend the general meeting, must present at least three days before the date of the meeting a documentary proof that their shares are deposited at their name at Banco Nacional de Angola.

The shareholders who would like to travel to Luanda, Popular Republic of Angola, must inform the company in writing at its Head office in Luanda, at least 20 days in advance in order that a visa for entry in the country may be asked for them.

The shareholders who are prevented to attend the meeting on October 9, 1980, may, in accordance with art. 29 of the By-Laws, but at least three days before the aforesaid date, give a proxy to another shareholder to represent them at the meeting.

The Board of Directors.
ANTONIO LUIS ROQUETTE OICCIARDI, A Director.
JOSE ROQUETTE, A Director.

ELDER SMITH GOLDSBROUGH MORT LIMITED

NOTICE IS HEREBY GIVEN that a Final Dividend at the rate of 9 per cent on the Paid Up Capital of the Company (increased by proposed 1 for 5 Bonus Issue on entitlement as at 17th October 1980) has this day been declared payable on 21st November, 1980. An Interim Dividend of 5 per cent on the capital before Bonus Issue was paid on 5th May, 1980.

The Registers of Members and Transfer Books will close at 5.00 p.m., 17th October, 1980 for the purpose of determining entitlements to the Bonus Issue, Final Dividend and a 1 for 5 cash share issue at a premium of A$1.

By Order of the Board.
C. E. PARKEN, Secretary.
ADELAIDE,
16th September, 1980.

THE RIO TINTO-ZINC CORPORATION LIMITED

1. **Notice of Rights Issue to all Ordinary and Accumulating Ordinary Shareholders.**

The Directors have decided to raise approximately £125 million by a rights issue at par of £125,948,291 9½ per cent Convertible Unsecured Loan Stock 1995/2000 (the "Convertible Stock").

The Convertible Stock will be offered by way of rights to holders of Ordinary Shares and/or Accumulating Ordinary Shares in the proportion of £1 nominal of Convertible Stock for every 2 Ordinary Shares and/or Accumulating Ordinary Shares registered in the United Kingdom and in Melbourne respectively at the close of business on 12 September 1980 and to holders of Ordinary Share warrants to Bearer presenting Coupon No. 40 in accordance with the instructions contained in the following Notice. It is expected that the issue documents will be posted on 22 September 1980 and that the last time for acceptance will be 3 p.m. on 13 October 1980.

The Convertible Stock is being offered for subscription at par, payable in full on acceptance. The first payment of interest on the Convertible Stock, in respect of the period from 13 October 1980 to 30 June 1981, will be made on 30 June 1981 and will amount to £6.79 per £100 nominal of Convertible Stock. On the basis of the issue price, the conversion rate is equivalent to a price of 500p per Ordinary Share. Any Convertible Stock outstanding on 31 December 2000 will be repaid at par on that date.

The Convertible Stock will be in registered form following the expiry of the temporary documents of title.

The issue has been underwritten by Kleinwort, Benson Limited, N. M. Rothschild & Sons Limited and Morgan Grenfell & Co. Limited. Arrangements have been made for any Convertible Stock not taken up by 13 October 1980, and which can be sold at a premium over the subscription price, to be sold in the market not later than close of business on 16 October 1980 and the net proceeds (after deducting the amount payable on acceptance and expenses of sale) distributed *pro rata* among those shareholders originally entitled thereto, except that amounts of less than £1 will be retained for the benefit of the Company.

Application has been made to the Council of The Stock Exchange in London for the Convertible Stock to be admitted to the Official List.

2. **Notice to holders of Ordinary Share warrants to Bearer**

Holders of Ordinary Shares represented by warrants to Bearer may claim their rights in the proportion of £1 nominal Convertible Stock for every 2 Ordinary Shares of 25p held (fractions disregarded) by detaching and lodging Coupon No. 40 from their warrants as detailed below.

Coupons must be lodged at one of the following offices:–

1. The Company's Registered Office:
   6 St. James's Square, London SW1Y 4LD.
2. The Company's Transfer Office:
   Central Registration Limited, 1 Redcliff Street, Bristol BS1 6NT.
3. Banque Rothschild, 21 rue Laffitte, 75009 Paris, France.
4. Banque Bruxelles Lambert, 2 rue de la Régence, 1000 Brussels, Belgium.
5. *Société Générale de Banque, Montagne du Parc 3,* 1000 Brussels, Belgium.
6. Banque Internationale à Luxembourg, 2 Boulevard Royal, Luxembourg.
7. Banque Generale du Luxembourg, 14 rue Aldringen, Luxembourg.
8. *Credit Suisse, Paradeplatz 8, 8021* Zurich, Switzerland.
9. Union Bank of Switzerland, 45 Bahnhofstrasse, 8021 Zurich, Switzerland.
10. Swiss Bank Corporation, 4002 Basle, Switzerland.

Coupon lodgment forms for this purpose are available at the above offices.

Provided that lodgment is made on or before 9 October 1980, a Renounceable Letter of Allocation for the Convertible Stock together with a copy of the accompanying explanatory letter will be issued as soon as possible thereafter.

Convertible Stock attributable to holders of Ordinary Share warrants to Bearer which is not claimed by 9th October 1980 and which can be sold in the market at a net premium by reference to the issue price not later than close of business on 16 October 1980 will be sold and the net proceeds of such sale (after deducting the amount payable on acceptance and expenses of sale) will be held for payment against lodgment of Coupon No. 40 at the addresses shown above and forms for this purpose will be available on or after 30 October 1980.

6 St. James's Square, London SW1Y 4LD.
17 September 1980

D. A. STREATFEILD,
Secretary.

APPOINTMENTS WANTED

PUBLIC NOTICES

CENTRAL REGIONAL COUNCIL
£2,000,000 Bills issued 17th September 1980 at 14 1/16%. Total applications £15,000,000. Bills outstanding £8,000,000.

METROPOLITAN BOROUGH OF KNOWSLEY
£1,000,000 Bills issued 17th September 1980 at 14 1/16%. Total applications £10,000,000. Bills outstanding £2,000,000.

NORTH BEDFORDSHIRE BOROUGH COUNCIL
£500,000 Bills issued 17.9.80 at a rate of 14 1/16% to mature 17.12.80. Total applications were 2,500,000 and these are the only Bills outstanding.

STRATHCLYDE REGIONAL COUNCIL
£6m 91-day Bills issued 17.9.80, due 17.12.80 @ 14 25/64%. Total applications £51m. Outstanding £24m.

LONDON STOCK EXCHANGE

Hopes strengthen about dock settlement but market response is limited—Golds surge to record highs

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Sept. 1	Sept. 11	Sept. 12	Sept. 22
Sept. 15	Sept. 25	Sept. 26	Oct. 6
Sept. 29	Oct. 9	Oct. 10	Oct. 20

* "New time" dealings may take place from 9 am two business days earlier.

Stock market hopes that the national dock strike called for next Monday would be averted strengthened after the Port Employers' meeting in London when the chairman expressed optimism about the dispute being settled. Wall Street's overnight rise was also a bolstering influence on equities, but the recovery movement was none too convincing after the previous two-day fall and gradually lost impetus.

Gilt-edged were also timid, but a generally uninspiring stock market session was enlivened by a new upsurge in South African Gold shares. Widespread demand added to revived local support found stock in short supply and some heavyweight Golds advanced by nearly 3¼ points. The FT Gold Mines index, as a result, jumped 23.2 to an all-time peak of 487.9—nearly 84 per cent up on the year's low recorded six months ago.

Reflecting continuing apathy on the part of institutional investors, turnover in leading industrials was slow. Specialist sectors, however, were busy again with the emphasis firmly on Insurances. Pleasing statements from Legal and General and Eagle Star, after Willis Faber's good interim results on Tuesday, encouraged a fresh all-round improvement.

Oils, in contrast, turned down late following the unsuccessful OPEC talks at the end of which Saudi Arabia announced it would not be cutting back oil production. Measuring the equity trend, the FT 30-share index, at 500.8, regained only 2.5 of the previous two-day fall of 10.8.

Interest in Government securities was sporadic but after the Port Employers' chairman's remarks quotations went a shade higher ahead of today's applications for the new long tap stock, Exchequer 12 per cent 1998 "A." High-coupon longs fared best with gains ranging to ½; much of the day's business was concentrated on stocks in the 1990-95 area. Shorter-dated issues fluctuated narrowly and closed around ⅛ better.

Mining issues dominated Traded options with RTZ attracting 219 trades on the interim results and rights issue, while Cons. Gold Fields recorded 340 deals in sympathy. Total deals amounted to 1,214 compared with Tuesday's 1,088.

ORE, which staged a bright market debut on Tuesday, attracted fresh support and gained 5 to 110p, after 112p, which compares with the placing price of 67p; the shares are dealt under Special Rule.

Legal and General rise

An extremely firm Insurance sector was featured by **Legal and General** which jumped 12 to 253p in response to better-than-expected interim profits. Other Life issues rose in sympathy with **Pearl**, 10 better at 432p, leading the advance. **Equity and Law** put on 8 to 332p and **Prudential** 7 to 258p. Among Composites, the first-half profits from **Eagle Star** were deemed highly satisfactory and the shares improved to 269p, before closing a net 3 dearer at 266p. **Royals** rose 7 to 475p, while **General Accident** gained 6 to 364p as did **GRE**, to 366p, and **Phoenix**, to 318p. Lloyds brokers took the previous day's good gains a useful stage further with sentiment still buoyed by favourable mid-term figures from Willis Faber which added 12 for a two-day improvement of 27 at 260p. **Minet** put on 9 to 112p and **C. E. Heath** 8 to 215p.

Up to 5 firmer initially, the major clearing banks drifted lower in the afternoon session to close narrowly mixed; publication of the Monopolies Commission report on credit card franchise services had little effect on sentiment.

Fresh support was apparent for **Amalgamated Distilled Products**, 3 up at 47p, while **Distillers** continued to attract a useful two-way business and ended a penny better at 225p.

The Building sector displayed scattered gains. **Blue Circle** improving 4 to 356p and **Ready Mixed Concrete** hardening a couple of pence to 201p. **Watts Blake Bearne** added 4 for a two-day rise of 14 to 146p in response to the increased interim profits, while recovery hopes continued to buoy **Richards and Wallington**, up 4 more at 53p.

Among Chemicals, **British Benzol** put on 3 to 32p, while **Stewart Plastics**, at 96p, recovered all of the previous day's fall of 4. Business in the leaders was thin, **ICI** relapsing to unchanged at 354p, after 356p.

J. T. Parrish up

In sharp contrast to the previous session, features among secondary Stores were few. News that a 13.5 per cent shareholding has changed hands lifted Newcastle department store **J. T. Parrish** 12 to 120p. Continuing bid speculation was good for 2 on **J. Hepworth**, 94p, while **Foster Bros.** firmed 4 to 90p. Profit-taking clipped a couple of pence from recent high-flyer **Cornell Dresses**, 68p, and 4 from **Northern Goldsmiths**, 82p. In Shoes, **Pittard** rallied 3 to 38p.

Firmer conditions returned to leading Electricals. **GEC** picked up 5 more to 530p, while *BICC* added 4 to 146p and **Plessey** 2 to 256p. Elsewhere, **Sony** stood out with a jump of 40 to 645p in response to the record 9-monthly profits. **Unitech** put on 6 to 342p, **Farnell** 5 to 368p, and **Whitworth** 4 to 54p. **George Scholes** advanced 5 further to 240p on further consideration of the preliminary results. By way of contrast, **Philcom** dropped to 29p before finishing 6 down on the day at 32p following news of the more-than-halved interim *profits*.

Awaiting today's interim results, **GKN** moved up 5 more to 228p. Other Engineering leaders generally improved. Elsewhere, **Anderson Strathclyde** rose 5 to 103p on revived speculative support and **Simon** gained 8 to 286p on further consideration of the recent better-than-expected half-year figures. **Ductile Steels** lost 5 to 63p and **Jones and Shipman** relinquished 4 to 78p.

Foods attracted fresh support with *J. Sainsbury* firming 15 to 520p and **Associated Dairies** adding 4 to 238p. Buying ahead of today's interim results left **Rowntree Mackintosh** 8 dearer at 178p.

Epicure shed 1½ to 22½p *despite the higher annual profits.*

Dalgety better

Dalgety became a firm counter in miscellaneous industrials, rising 13 to 295p following the satisfactory annual results and encouraging statement. Comment on the interim figures prompted a rally of 4 to 29p in **Barrow Hepburn**, while Far-Eastern influences helped **Jardine Matheson** put on 12 to 217p. Reflecting the company's bullion interests, **Johnson Matthey** added 8 more to 256p, while **Hanson Trust** improved 4 to 181p on further consideration of the results and the new U.S.$25m bond issue. **ICL** rose 5 to 183p, **Esperanza Trade and Transport** 6 to 118p and **Wood** *Hall Trust* 4 to 127p. **Berwick Timpo**, on the other hand, declined 3 to 55p on the interim deficit and **Ofrex** lost 4 for a two-day relapse of 11 to 89p after comment on the disappointing half-year results. **St. Georges Laundry** at 82p, lost 3 of the previous day's rise of 12 which followed news that Provincial had sold its shareholding in the company. **Applied Computer** dipped 10 to 500p as did **De La Rue**, to 870p. The leaders edged forward on hopes that next Monday's threatened dock strike would be averted.

Among Leisure issues, **Management Agency and Music** put on *9 to a 1980 peak of 174p* on revived bid rumours, while recently firm **Photax (London)** added 4 more to 86p. **Horizon Travel** revived with a gain of 8 to 296p.

Motor Components trended firmer where changed. **Lucas** ended 2 better at 210p, after 212p, while **Dunlop** hardened a shade to 83p. **Dowty** rose 4 to 241p and late support was noted for **Automotive Products**, a like amount firmer at 71p. Movements in Distributors were few and far between, though **Harold Perry** firmed the turn to 63p awaiting today's interim statement.

Among Printing issues, **Bemrose** dropped 5 to 31p on the sharp downturn in first-half earnings and passed interim dividend, but market newcomer **Harrison Cowley** pleased with the interim statement and firmed 3 to 85p. Tuesday's disappointing interim results continued to depress **Inveresk**, 2½ down for a two-day fall of 5 at 22p.

Secondary issues featured Properties with **Marler Estates** firming 4 for a two-day gain of 12 to 94p, after 96p, and **Rush and Tomkins** touching 250p before closing 8 dearer at 244p. **Estates and Agency** also added *8, to 124p, while Fairview Estates* revived with a gain of 12 at 297p. **Westminster and Country** put on 4 to 60p in response to the excellent preliminary results, but **Law Land** shed 3 to 85p on the disappointing interim profits. Buying ahead of today's annual results left **Second City Properties** 1½ to the good at 67½p, while **Regional A** gained 3 to 142p and **Trafford Park Estates** added 2 to 160p, the last-named following satisfactory preliminary results.

Burmah disappoint

Standing around 3 higher awaiting the interim results, **Burmah** reacted on the disappointing profits and unchanged dividend to close 18 down *at 193p. Other Oils gave* ground in sympathy and, with talk of fresh fighting on the Iran/Iraq border causing additional nervous selling during late trading, closing levels were the day's lowest. **Tricentrol** fell 14 to 344p following the interim statement, while **Sovereign** shed 12 to 308p and **Aran Energy** 20 to 420p. **Lasmo** relinquished 13 to 690p and **Ultramar** 6 to 364p.

Investment Trusts trended firmer with the emphasis on Capital Issues. **Derby Capital** jumped 17 to 273p and **Triplevest Capital** rose 8 at 317p. Useful support was seen for **Atlantic Assets**, 6 higher at 224p. Financials were featured by **S. Pearson**: recently dull following the lower interim profits, the shares recovered to end 11 better at 233p. Interest was also shown in **Hampton Trust**, 82p, and **Scottish and Mercantile A**, 160p, both up around 6.

In Textiles, **British Mohair Spinners** fell 5 to 30p following the interim deficit, while **Charles Early and Marriott (Witney)**, interim due today, shed 2 for a two-day fall of 4 at 15p.

RTZ surge ahead

Mining markets enjoyed a day of substantial gains and heavy trading following the sharply increased profits and dividends from RTZ and Gold Fields.

The former got the market off to a bright start by unveiling a 45 per cent rise in profits, an increase in the interim and a smaller than expected, but still large, rights issue of convertible loan stock. RTZ's shares opened at 462p but quickly attracted heavy bear covering and fresh investment demand which lifted the price to a year's high of 491p prior to a close of 487p—a net gain of 19.

Gold Fields moved up to close 20 better at a year's high of 610p, almost touching the 615p paid by De Beers/Anglo American in the famous *"dawn raid," following* the 60 per cent rise in profits and the increased dividend.

Other London Financials moved ahead in sympathy. Charter gained 7 to a year's high of 257p, and Tanks put on 6 to 350p, after equalling the 1980 high of 352p.

South African Golds surged ahead to new all-time peaks as measured by the Gold Mines index, which jumped 23.2 to 487.9—its biggest one-day gain for almost five months. The bullion *price put on $6 to $675.50* an ounce.

Heavy gains in overnight American markets prompted renewed demand in London at the outset and prices advanced accordingly with gains accentuated by stock shortage.

The outstanding performers were West Driefontein, which jumped £3⅞ to a record £46½, and Hartebeest, almost 3 points up at £41.

South African Financials and Platinums shared in the boom. In the former, Anglo American put on 30 to 795p while Platinums showed **Impala** 50 ahead at a high of 525p and **Rustenburg** 34 up at 347p.

Australians made good progress with golds well to the fore. **Gold Mines of Kalgoorlie** rose 25 to 510p, after a high of 515p, while **Poseidon** added a like *amount to 320p and North* **Kalgurli** 5 to 104p. **Otter** regained 10 to 74p.

CRA were 6 firmer at 320p ex the one for fifteen rights issue at A$3.50; the new shares opened at 140p premium and closed at 150p premium. **Whim Creek** put on 3 to 98p; the shares are to be listed in Toronto as from today.

Elsewhere, Malaysia's **Supreme Corporation** jumped 35 to 90p following attempted arbitrage buying.

FINANCIAL TIMES STOCK INDICES

	Sept. 17	Sept. 16	Sept. 15	Sept. 12	Sept. 11	Sept. 10	A year ago
Government Secs	70.81	70.47	70.76	70.84	70.78	71.09	72.84
Fixed Interest	71.78	71.71	71.75	71.89	71.86	71.98	72.74
Industrial Ord.	500.8	498.3	500.7	508.9	503.0	501.8	480.3
Gold Mines	487.9	464.7	470.2	468.4	448.8	461.9	210.8
Ord. Div. Yield	7.33	7.37	7.35	7.22	7.30	7.30	7.08
Earnings, Yld. % (full)	17.27	17.38	17.33	17.00	17.23	17.25	18.33
P/E Ratio (net) (*)	7.05	7.02	7.03	7.17	7.07	7.05	6.68
Total Bargains	19,974	81,197	22,304†	23,896†	22,478	23,742	16,967
Equity turnover £m.	—	94.90	129.56	167.76	128.79	150.87	73.09
Equity bargains total	—	17,474	17,907	19,957	17,547	21,278	12,097

10 am 499.5. 11 am 501.4. Noon 501.4. 1 pm 500.2. 2pm 500.8. 3 pm 501.4.
Latest Index 01-246 8026.
*Nil=6.58.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	54.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	508.9 (12/9)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	487.9 (17/9)	965.5 (18/3)	487.9 (17/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 17	Sept. 16
—Daily		
Gilt Edged	119.5	107.9
Industrials	117.9	128.6
Speculative	95.6	80.6
Totals	86.7	87.2
5-day Avrge.		
Gilt Edged	113.0	112.8
Industrials	127.3	129.3
Speculative	82.0	82.8
Totals	99.1	90.1

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (231)

BRITISH FUNDS (1)
AMERICANS (6)
CANADIANS (1)
BANKS (3)
BEERS (1)
BUILDINGS (4)
DRAPERY & STORES (1)
ELECTRICALS (4)
ENGINEERING (8)
FOODS (2)
INDUSTRIALS (14)
INSURANCE (12)
LEISURE (2)
NEWSPAPERS (1)
PAPER (2)
PROPERTY (8)
TRUSTS (106)
OIL & GAS (1)
OVERSEAS TRADERS (3)
MINES (49)

NEW LOWS (21)

CANADIANS (1)
Bell Canada
BUILDINGS (2)
McLaughlin Harvey Wettern Bros.
STORES (1)
Vantona
ENGINEERING (3)
Brasway Duport
Ductile Steels
FOODS (1)
Robertson Foods
INDUSTRIALS (4)
Berwick Timpo Cole (R. H.)
Centreway Rock Darham
INSURANCE (1)
Edinburgh General
MOTORS (1)
Delight
PAPER (2)
Bemrose Inveresk
SHOES (1)
Garnar Scotblair
TEXTILES (2)
British Mohair Early (C.) Marriott
RUBBERS (1)
Cons. Plantations
TEAS (1)
Lawrie Plantation

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	74	—	22
Corpns. Dom. and Foreign Bonds	16	10	37
Industrials	268	157	978
Financial and Prop.	228	29	240
Oils	25	12	19
Plantations	5	5	14
Mines	88	13	58
Others	55	32	73
Totals	749	258	1,441

LEADERS AND LAGGARDS

Percentage changes since December 31, 1979 based on Tuesday, September 16

Gold Mines FT	+73.00	Stores	+26.59
Insurance (Life)	+63.87	Industrial Group	+25.40
Merchant Banks	+63.48	500 Share Index	+23.30
Electricals	+61.81	Mechanical Engineering	+23.21
Mining Finance	+58.70	Pharmaceutical Products	+22.87
Electronics, Radio and TV	+48.33	Engineering Contractors	+21.96
Property	+48.31	Other Groups	+20.78
Insurance (Composite)	+46.86	Consumer Goods (Non-Durable)	+20.40
Investment Trusts	+44.13	Tobaccos	+18.06
Hire Purchase	+39.33	Metal and Metal Forming	+17.65
Shipping	+38.84	Breweries	+17.29
Financial Group	+38.09	Food Manufacturing	+17.17
Capital Goods Group	+37.12	Oils	+15.63
Discount Houses	+35.38	Newspapers and Publishing	+14.11
Food Retailing	+34.50	Banks	+14.07
Overseas Traders	+34.47	Chemicals	+12.41
Contracting and Construction	+33.18	Packaging and Paper	+11.74
Building Materials	+31.08	Wines and Spirits	+11.20
Consumer Goods (Durable) Group	+29.80	Office Equipment	−0.19
All-Share Index	+28.23	Motors and Distributors	−7.20
Insurance Brokers	+28.14	Textiles	−4.06
Entertainment and Catering	+27.40	Household Goods	−23.08
		Toys and Games	−47.38

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
RTZ	25p	16	487	+19	491	327
Burmah Oil	£1	12	193	−18	249	162
KCA Intnl.	25p	11	114	−2	115	41
ICL	25p	7	183	+5	196	111
BP	25p	6	352	−4	412	320
Broken Hill Pty.	A$2	6	790	+15	795	585
Charter Cons.	2p	6	257	+7	257	134
Cons. Gold Fields	25p	6	610	+20	615	335
Dowty	50p	6	241	+4	259	148
GKN	£1	6	228	+5	279	218
Harmony Gold	R0.50	6	£12⅞	+½	£12⅞	675
Metal Box	£1	6	286	—	318	226
Shell Transport	25p	6	408	−4	432	314
Beecham	25p	5	157	+2	160	108
Boots	25p	5	248	−3	256	158

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept. 8	Sept. 19	Dec. 4	Dec. 15
Sept. 22	Oct. 3	Dec. 18	Dec. 29
Oct. 6	Oct. 17	Jan. 8	Jan. 19

For rate indications see end of Share Information Service

Options attracted a less active business than of late with calls being dealt in Cons. Gold Fields, Double Eagle, Slimmer and Jack, Debenhams, KCA, United City Merchants, Levex, Charterhouse Petroleum, Target Petroleum, Guthrie, and Montague L. Meyer. Puts were transacted in Town and City Properties, Trusthouse Forte and FNFC, while doubles were arranged in Cons. Gold Fields, Laganvale, Double Eagle, Burmah and Chloride.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Sept. 17, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., Sept. 16 Index No.	Mon., Sept. 15 Index No.	Fri., Sept. 12 Index No.	Thurs., Sept. 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	294.89	+0.8	15.22	5.61	7.93	292.63	293.41	296.77	292.39	240.02
2	Building Materials (28)	260.52	+0.3	17.75	6.55	6.68	259.79	261.93	261.27	257.54	233.98
3	Contracting, Construction (27)	433.86	+0.3	21.43	5.62	5.54	432.46	432.97	430.48	428.90	383.22
4	Electricals (17)	897.19	+0.9	10.78	2.97	11.36	889.42	888.21	915.94	891.90	612.13
5	Engineering Contractors (11)	354.26	+1.0	17.48	7.34	7.30	350.83	353.92	350.37	349.33	330.14
6	Mechanical Engineering (72)	186.10	+0.8	15.59	7.14	7.83	184.55	186.30	187.26	186.38	163.82
8	Metals and Metal Forming (16)	173.04	+1.5	20.36	9.71	5.87	170.48	168.97	168.91	167.73	156.71
11	CONSUMER GOODS (DURABLE) (49)	248.33	+0.5	15.08	5.07	9.11	247.13	248.71	253.81	252.74	233.38
12	Lt. Electronics, Radio, TV (14)	381.59	+0.4	12.67	3.62	12.07	379.93	382.27	392.15	390.70	334.15
13	Household Goods (14)	89.32	−0.3	26.94	11.02	4.68	89.54	89.44	89.11	88.91	143.55
14	Motors and Distributors (21)	103.21	+0.8	21.43	9.11	5.37	102.38	103.27	103.92	103.23	109.26
21	CONSUMER GOODS (NON DURABLES) (172)	245.65	+0.1	16.83	6.59	7.18	245.30	246.86	248.78	246.81	235.19
22	Breweries (14)	297.58	+0.3	15.28	6.19	7.84	296.55	298.11	298.59	295.82	285.62
23	Wines and Spirits (5)	327.15	+0.4	18.71	6.23	6.32	325.97	329.52	333.12	335.21	326.34
24	Entertainment, Catering (17)	349.07	+0.2	16.60	6.40	7.42	348.38	350.29	350.03	345.77	310.34
25	Food Manufacturers (22)	224.73	+0.9	18.00	6.75	6.54	222.83	224.93	225.09	222.97	207.59
26	Food Retailing (13)	402.44	+1.7	11.65	3.86	10.19	395.54	401.95	401.33	395.88	304.36
32	Newspapers, Publishing (12)	442.43	+0.9	21.64	7.22	6.18	438.41	441.63	437.40	435.69	423.02
33	Packaging and Paper (15)	128.50	−0.2	27.50	10.19	4.23	128.78	129.26	130.73	129.99	132.14
34	Stores (45)	241.33	−0.3	12.88	5.20	10.11	242.01	242.52	246.85	244.99	233.43
35	Textiles (21)	120.59	+0.1	25.99	12.77	4.69	120.47	120.98	120.39	119.50	153.14
36	Tobaccos (3)	231.45	−1.5	24.80	10.06	4.59	234.90	236.87	240.29	238.81	242.70
37	Toys and Games (5)	24.86	−0.7	9.04	15.33	25.56	25.04	25.46	25.46	25.58	69.89
41	OTHER GROUPS (99)	227.26	+0.5	15.59	6.87	7.69	226.08	227.62	229.91	227.71	203.82
42	Chemicals (16)	312.78	+0.2	17.55	7.77	6.68	312.18	312.80	322.49	320.23	284.32
43	Pharmaceutical Products (7)	240.89	+1.0	10.42	5.75	11.87	238.40	240.75	240.08	236.74	227.59
44	Office Equipment (6)	103.26	−0.3	19.90	5.03	5.87	103.57	105.32	105.51	105.16	119.22
45	Shipping (10)	591.88	+0.5	12.88	6.02	9.48	588.81	595.86	604.46	599.17	455.18
46	Miscellaneous (60)	283.91	+0.7	16.29	6.56	7.48	281.94	283.97	282.62	279.97	241.43
49	INDUSTRIAL GROUP (491)	261.57	+0.4	15.98	6.27	7.61	260.46	261.87	264.55	261.93	235.91
51	Oils (9)	795.05	−1.3	30.38	6.65	3.66	805.24	809.23	816.61	806.26	636.63
59	500 SHARE INDEX	303.92	+0.1	18.91	6.34	6.24	303.69	305.30	308.36	305.12	268.42
61	FINANCIAL GROUP (118)	253.96	+0.8	—	5.13	—	251.83	253.57	254.57	249.04	193.25
62	Banks (6)	251.22	—	40.67	6.69	2.94	251.33	252.83	257.70	250.20	223.87
63	Discount Houses (10)	295.68	−0.4	—	6.00	—	296.89	296.89	295.56	293.62	256.90
64	Hire Purchase (5)	230.08	−0.1	10.78	4.39	12.51	230.36	234.24	234.56	230.71	171.32
65	Insurance (Life) (10)	263.18	+2.7	—	4.96	—	256.26	259.72	256.50	248.31	161.10
66	Insurance (Composite) (9)	181.51	+1.6	—	6.21	—	178.69	181.35	180.49	176.39	126.19
67	Insurance Brokers (9)	353.22	+3.0	13.11	6.55	10.44	342.84	328.55	325.81	322.56	279.45
68	Merchant Banks (12)	146.81	+0.1	—	4.88	—	146.72	147.15	146.62	147.19	101.11
69	Property (45)	471.05	+0.3	3.01	2.53	46.29	469.73	472.53	474.19	467.00	363.23
70	Miscellaneous (12)	153.57	−0.2	15.39	6.04	8.25	153.91	155.22	157.88	155.18	124.27
71	Investment Trusts (109)	279.97	+0.9	—	5.19	—	277.43	277.47	275.40	273.60	215.30
81	Mining Finance (3)	266.42	+3.7	11.27	3.93	10.68	257.02	262.28	263.32	257.26	127.93
91	Overseas Traders (20)	451.86	+1.1	11.13	6.53	10.83	446.95	450.05	446.84	441.36	345.33
99	ALL-SHARE INDEX (750)	295.83	+0.4	—	5.98	—	294.65	296.39	298.49	294.71	247.47

FIXED INTEREST PRICE INDICES

	British Government	Wed., Sept. 17	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.68	+0.10	—	7.62
2	5-15 years	113.89	+0.35	—	8.51
3	Over 15 years	119.00	+0.34	—	8.96
4	Irredeemables	132.05	—	—	9.82
5	All stocks	112.67	+0.26	—	8.55

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Wed., Sept. 17	Tues., Sept. 16	Year ago (approx.)
1	Low	5 years	11.65	11.67	10.22
2	Coupons	15 years	11.65	11.67	10.74
3		25 years	11.65	11.67	11.27
4	Medium	5 years	12.99	13.05	12.23
5	Coupons	15 years	13.11	13.14	12.37
6		25 years	12.69	12.71	12.27
7	High	5 years	13.13	13.19	12.60
8	Coupons	15 years	13.53	13.52	12.61
9		25 years	13.14	13.16	12.18
10	Irredeemables		11.19	11.19	11.09

		Wed., Sept. 17 Index No.	Yield %	Tues. Sept. 16	Mon. Sept. 15	Friday Sept. 12	Thurs. Sept. 11	Wed. Sept. 10	Tues. Sept. 9	Mon. Sept. 8	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	53.47	13.86	53.44	53.47	53.53	53.26	53.29	52.96	52.91	58.11
16	Investment Trust Prefs. (15)	51.68	15.07	51.68	51.68	51.55	51.33	51.28	51.68	51.37	51.33
17	Coml. and Indl. Prefs. (20)	67.92	13.22	67.92	67.92	68.07	68.18	67.91	67.75	67.66	70.35

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

Gartmore Fund Managers (C.I.) Ltd. (a)(h)
41, Broad St., St. Helier, Jersey. 0534-73741

Gilt Fund (Jersey)	97.0	102.0	.....	12.50

Gartmore Fund Managers (Far East) Ltd. (a)(h)
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong

Australian Tst.	US$15.92	17.183	.....	—
HK & Pac. U. Tst.	HK$5.503	6.040	.....	2.60
Japan Fd.	US$17.745	19.099	.....	0.60
N. American Tst.	US$21.573	23.214	+1.306	1.00
Intl. Bond Fund	US$12.502	13.169	.....	9.30

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF553.50	591.00	.....	0.60
Lloyds Int. Income	SF288.00	297.00	.....	6.40

M & G Group

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100⅛	99⅛	Exchequer 13pc 1980‡‡	99½	+⅛	13.06	14.65
99¼	96¾	Treasury 11½pc 1981‡‡	99⅛	......	11.60	13.87
96¼	90¾	Treasury 3½pc 1979-81	96⅛	......	3.64	13.37
98⅛	93⅜	Treasury 9¼pc 1981‡‡	98¼xd	+⅛	9.93	13.58
96⅞	91¾	Exch. 8¼pc 1981	96⅞	+⅛	8.56	13.49
96⅞	92¾	Exch. 9½pc 1981	96⅛	+⅛	9.80	13.31
94	85½	Exch. 3pc 1981	93¾	+⅛	3.20	10.24
99⅛	96½	Treas. Variable '81§§	99	+⅛	15.05	15.54
99⅞	95⅞	Exch. 12¾pc 1981‡‡	99⅝	......	12.79	12.97
95⅝	88½	Treas. 8½pc '80-82‡‡	95⅝	......	8.88	12.30
91⅝	82½	Treasury 3pc '82‡‡	91⅝	......	3.27	9.45
102⅞	96⅝	Treasury 14pc '82‡‡	102	......	13.73	12.53
98⅛	94⅛	Treas. Variable '82§§	97⅞	+¼	15.23	16.25
93¼	86⅛	Treasury 8¼pc '82	93	......	8.87	12.68
95⅞	66⅜	Exch. 9¼pc 1982	93⅝xd	......	9.88	12.96
93	85	Exch. 8¾pc 1983	92¾	......	9.43	12.42
83⅞	76½	Exch. 3pc 1983	83⅝	......	3.58	10.84
83⅞	82	Exch. 3pc 1983 Aa	83¼	......	3.60	11.04
98½	90⅞	Treasury 12pc 1983‡‡	98⅛	+⅛	12.23	12.96
96½	90⅝	Treas. Variable '83§§	96⅛	+⅛	15.50	16.68
93⅛	84½	Treasury 9¼pc '83	92⅝	+⅛	9.57	12.39
102⅛	94⅛	Exch. 13½pc '83	100⅞	+⅛	13.38	13.10
93¼	84½	Exch. 10pc 1983	92⅝	+⅛	10.80	12.82
84¾	76½	Funding 5½pc '82-84‡‡	84	......	6.55	11.39
97⅛	87⅛	Exch. 11¼pc 1984	95½	+⅛	11.78	12.88

[illegible]

Five to Fifteen Years

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Over Fifteen Years

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101¼	82¾	Exch. 12¼pc 1999	93⅛xd	+⅛	13.11	13.22
88½	75⅝	Treasury 10½pc 1999	86½	+⅛	12.65	12.92
103¾	94¾	Treas. 13pc 2000	100⅛	+⅛	13.21	13.24
110⅝	94⅞	Treas. 14pc '98-01	108½	+⅛	13.46	13.40
96⅜	81⅞	Exch. 12pc '99-02	94	+⅛	13.03	13.09
107⅛	91⅛	Treas. 13¾pc 2000-03	105⅛	+¼	13.34	13.30
97	78⅞	Treasury 11½pc '01-04	89½xd	+⅛	12.84	12.94
40¼	34⅜	Funding 3½pc '99-04	40⅛	+⅛	8.86	10.42
102	86⅜	Treasury 12½pc '03-05	99⅞	+⅛	13.05	13.06
72⅞	59⅞	Treasury 8pc '02-06‡‡	67⅞xd	+⅛	11.72	12.01
95⅛	80¼	Treasury 11¾pc 03-07	93⅛	+¼	12.87	12.91
109	94½	Treas. 13½pc '04-08	102⅞xd	+¼	13.16	13.16
53¼	42⅞	Treasury 5½pc '08-12‡‡	49⅜	+⅛	11.11	11.45
68⅜	57½	Treasury 7¾pc '12-15‡‡	65⅜	+⅛	11.81	11.92
100½	85⅝	Exch. 12pc '13-'17	98⅜	+⅛	12.61	12.60

Undated

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
33⅞	29	Consols 4pc	33⅛	......	12.27	—
33¼	28⅜	War Loan 3½pc‡‡	32⅞	......	11.00	—
37⅞	32¾	Conv. 3½pc '61 Aft.	35¼xd	......	9.99	—
25¼	21⅝	Treasury 3pc 66 Aft.	24⅝xd	......	12.11	—
22⅞	19½	Consols 2½pc	21⅝xd	......	11.50	—
22	17⅞	Treasury 2½pc	20½xd	......	12.14	—

INTERNATIONAL BANK

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
87½	78	5pc Stock '77-82	86	−¼	5.01	13.53

CORPORATION LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
97½	83⅝	Bath 11¾pc 1985	97	+¼	12.13	13.23
98¾	89½	Birm'ham 12½pc 1985	97	+¼	12.89	13.34
99½	96¾	Bristol 13¾pc 1981	99⅜xd	......	13.84	15.15
102½	90	Burnley 13pc 1987	101¼	......	13.23	13.99
95¾	82¾	Cardiff 11pc 1986	95¼	+¼	12.10	13.21
98¼	93	G.L.C. 12½pc '82	98¼	+¼	12.72	13.66
98¾	90¾	Do. 12½pc 1983	97½xd	+¼	12.82	13.55
92¼	84¾	Glasgow 9¾pc '80-82	91¾	......	10.88	13.82
75¾	64½	Herts 6½pc 1985-87	74¾xd	+¼	9.13	12.51
90½	81¼	Liverpool 9¾pc '80-84	89½	......	10.90	13.45
27	24	Do. 3½pc Irred.	25¼xd	+¼	13.74	—
100¼	92¼	Lon. Corp. 13½pc '83	99¾	+¼	13.35	13.51
94	79¾	Do. 9¼pc '84-85	89xd	+¼	10.35	12.12
80½	71	L.C.C. 5½pc '82-84	80	......	6.88	12.14
70¾	60½	Do. 5½pc '85-87	69¾	+¼	8.66	12.62
69¾	60¾	Do. 6¾pc '88-90	68¾	+¼	10.10	12.60
23¾	21	Do. 3pc '20 Aft.	23¾	+¼	12.90	—
97½	87¾	Sunderland 12¾pc 1984	96¾	+¼	12.66	13.23

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	88½xd	+¼	6.20	13.89
85¼	72½	Do. 6pc 1981-83	84	−¼	7.29	12.92
67	58	N.Z. 7¼pc 1988-92	65	−¼	11.42	13.52
81½	72	Do. 7½pc '83-86	80¾	......	9.62	12.74
96¾	88	Sth. Africa 9½pc '79-81	96¾	......	10.23	16.49
160	95	S. Rhod. 2½pc Non-Ass.	97	−2	—	30.33
169	133	Do. 6pc '78-81 N.-As.	141	−2	—	30.64

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	62¾	......	8.04	12.18
83½	73½	Alcan 10½pc '89-94	83	......	14.48	15.40
29¾	25	Met. Wtr. 3pc 'B'	29	......	10.36	12.39
104	89	U.S.M.C. 9pc 1982	104	......	0.87	—
92	85½	Do. without Warnts.	91	......	10.21	14.00

Financial

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅛	96½	FFI 13pc 1981	98¾	+⅛	13.16	16.14
101½	93½	Do. 14pc '83	100½	−¼	13.93	13.77
88	79½	FFI(UK Fn)5½pcDb. '80-2	87xd	......	6.31	12.95
82½	71½	Do. 6¼pcDb. '81-84	82	+1½	7.85	12.70
92	80½	Do. 10½pc Uns.Ln. '86	91½	......	11.74	13.40
91½	77	Do. 11pc Uns.Ln. '88	91½	......	12.32	13.00
93½	82	Do. 11¾pc Uns.Ln. '90	93	+½	12.98	13.60
101	84½	Do. 12½pc Un. Ln. 1992	93xd	+½	13.44	13.70
66½	56	Do. 7¼pcADeb. '89-92	65½	+1	11.51	13.50
66½	51½	Do. 7¼pcADeb. '91-94	63½xd	+1	11.78	13.40
76½	64½	Do. 9pc 'A' '91-94	71½xd	......	12.58	13.60
71½	61	Do. 8¾pcLn. '92-97	69½	......	12.95	13.60

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	65	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	f3.10
58	19	Chinese 4½pc 1898	19	......	—	—
45	18	Do. 5pc 1912	18	......	—	—
24	11½	Do. 5pc 1913	13	......	—	—
24	14½	Do. 5pc '25 Boxer	15	......	—	—
18¾	14½	Denmark 13pc 2005	16¾	+¼	13	13.76
35	28½	Greek 7pc Ass.	35	......	3½	f10.17
35	31	Do. 6pc 28 Stb. Ass.	32	......	3	f9.75
34	30	Do 4pc Mixed Ass.	30	......	2	f6.87

[illegible]

AMERICANS

1980 High	Low	Stock	Price	+ or −	Div. Gross	Cvr	Yld Gr's
24¼	20	Gen. Elect. $2½	22⅛	−⅛	$3.00	—	6.1
12¼	868p	Gillette $1	12¼	+⅛	$1.90	—	7.0
43½	29¼	Honeywell $1.50	37½	−⅛	$3.00	—	3.6
19	570p	Hutton (E. F.) $1	18½	−½	80c	—	1.9
31⅝	22⅝	I.B.M. Corp. $1.25	27½xd	−¼	$3.44	—	5.6
27	20⅜	Ingersoll-R $2	25¼	+1	$3.32	—	5.8
10	454p	I. U. International‖	962p	−29	◆$1.10	—	5.1
11⅛	770p	Kaiser Al. $⅓	11	+⅛	$1.20	—	4.9
471p	290p	Lionel Corp. $0.10	471p	......	20c	—	1.9
25¾	15⅝	Louisiana Land $0.15	20¾	−¼	$1.80	—	3.9
15	12	Manf. Han. US$7.50	13⅝	......	$2.52	—	8.3
14½	515p	Merrill Lynch $1	14½	......	$1.12	—	3.5
21⅞	18⅛	Morgan (JP) US$2.5	18⅞xd	+⅛	$2.80	—	6.7
749p	492p	Norton Simon Inc. $1	695p	−8	$1.04	—	6.7
11⅛	895p	Owens-Ill. $3.125	10⅛	......	$1.40	—	6.1
14⅛	10⅞	Quaker Oats US$5	13xd	−½	$1.60	—	5.5
31⅞	24⅜	Reliance $0.25	31⅛	+¼	$3.00	—	4.4
13⅞	6	Rep. N.Y. Corp. $5	13⅝xd	−⅛	$0.84	—	2.8
839p	651p	Rexnord $5	784p	+3	$1.04	—	6.0
11	815p	Richdsn.-Mrrll. $1¼	11	+¼	$1.32	—	5.4
13¼	10⅞	Rockwell Intl. $1	13⅛	+⅛	h$1.40	—	4.8
438p	234p	Saul (B. F.) $1	413p	−1	—	—	—
17⅛	11⅜	Shell Oil $1	17xd	+½	h$1.40	—	3.7
470p	293p	Singer ($10)	470p	+19	40c	—	3.8
26½	18¾	Sperry Corp. $0.50	21⅞	+⅛	$1.76	—	3.6
21	15⅜	TRW Inc. $1¼	20½	+¾	$2.20	—	4.8
19¾	14⅞	Tenneco $6	18¾	......	$2.40	—	5.9
154	125	Do. 10% Ln. Stk. 91-95	145	......	10%	—	F7.0
13¼	736p	Tesoro Pt. US$0.16⅔	10⅛	......	30c	—	1.3
18	12¼	Texaco $6.25	14½	−⅛	$2.40	—	7.4
25¾	17⅛	Time Inc. $1	25⅜xd	+⅛	$1.66	—	2.9
854p	665p	Transamerica $1	758p	+8	$1.12	—	6.6
20⅝	18	Union Carbide $1	18¾	......	$3.20	—	7.7
23¾	17⅛	Utd. Tech. $US5	20½	......	$2.20	—	4.8
10½	726p	U.S. Steel $1	972p	+12	$1.60	—	7.4
12⅛	967p	Woolworths $3½	11¼	+¼	$1.80	—	7.2
29⅞	21⅞	Xerox Corp. $1	26¼	+⅛	$2.80	—	4.8
25⅝	11¼	Zapata Corp. 25c	24½	−½	48c	—	0.9

CANADIANS

1980 High	Low	Stock	Price	+ or −	Div. Gross	Cvr	Yld Gr's
11⅛	865p	Bk. Montreal $2	10⅞	......	$1.56	—	5.4
12⅛	870p	Bk. Nova Scot. $1	11¾	+⅛	$1.60	—	5.1
800p	680p	Bell Canada $8⅓	680pxd	−5	$1.64	—	9.1
954p	433p	Bow Valley‖	837p	+5	10c	—	0.4
13⅛	820p	Brascan‖	13⅛	+⅛	◆$1.20	—	3.5
10⅞	860p	Can. Imp. Bk. $2	990p	+5	$1.80	—	6.9
18⅞	13⅛	Can. Pacific $5	17⅞	......	$1.80	—	3.8
34	27⅜	Do. 4pc Deb. £100	31	......	4%	—	12.9
21⅞	656p	Can. P. Ent.‖	21	......	$1.00	—	3.4
14¼	800p	Gulf Can.‖	10⅞	+⅛	44c	—	1.5
750p	570p	Hawker Sid. Can.‖	715p	+15	96c	—	5.1
22⅞	12⅜	Hollinger $5	19	−1⅛	s$2.20	—	4.4
11⅞	850p	Hudson's Bay‖	930pxd	......	◆$1.20	—	4.9
14¼	925p	Hud.B.Oil G. $2½	11⅞	+⅛	h57½	—	1.9
21⅞	13⅛	Imperial Oil‖	14½	−¼	$1.40	—	3.6
14	855p	Inco‖	10¾	−¼	72c	—	2.6
565p	425p	Int. Nat. Gas $1	540p	−5	$1.00	—	7.0
495p	250p	Massey Ferg.‖	290p	+10	—	—	—
200p	100p	Place Gas $1	100p	−3	—	—	—
14⅞	10½	Rio Algom	12⅞	+¼	$1.50	—	4.4
20	14½	Royal Bk. Can. $2	19¼	−⅛	$2.56	—	5.1
25⅞	15⅞	Seagram Co. C$1	25⅞	......	$US1.10	—	1.9
12	890p	Tor. Dom. Bk. $1	10¾	+⅛	$1.44	—	5.1
10½	815p	Trans Can. Pipe	815p	−10	$1.16	—	5.4

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Central African

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MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	19	+1	—	—	—
138	52½	Bond Corp.	138	......	h02.8c	2.2	1.8
156	88	Bougainville I Kina	127	+5	[illegible]	1.8	10.5
‡347	221	CRA 50c	320xr	+15	Q15c	2.1	8.2
25	11½	Canada Northwest	18½	+½	—	—	—

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	162	+2	—	—	—
97	52	Barymin	60	......	—	—	—
17	12	Burma Mines 10p	13	......	0.62	1.1	6.9
262	53	Colby Res. Corp.	243	−19	—	—	—
502	285	Cons. Murch. 10c.	350	......	MQ100c	1.8	16.4
180	80	††Hemerdon 10c.	85	......	—	—	—
585	325	Northgate C$1	495	......	—	—	—
491	327	R.T.Z.	487	+19	t16.0	3.2	4.7
46	16	Robert Mines	43	−3	—	—	—
112	91	††SPO Minerals 10p	94	......	—	—	—
58	26	Sabina Inds. C$1.	40	−5	—	—	—
51	31	††SWCM 10p	40	......	—	—	—
650	411	Tara Exptn. $1	545	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♠ Regional price.
- ‖ No par value.

‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	35	......	Conv. 9% '80/82	£93⅞	......
Bertam	15	......	Nat. 9¾% 84/89	£82½	+⅛
Bdg'wtr. Est. 50p	450	......	Fin. 13% 97/02	£91½	......
Craig & Rose £1	£11	......	Alliance Gas	51	......
Fife Forge	35	......	Arnott	208	......
Finlay Pkg. 5p	27	+1	Carroll (P.J.)	72	+1

[illegible]

OPTIONS

3-month Call Rates

[illegible]

Burton 'A'	10	Mrks. & Spncr	0		
Cadburys	5½	Midland Bank	26	Oils	
Courtaulds	0	N.E.I.	5	Brit. Petroleum	32
Debenhams	8	Nat. West. Bank	27	Burmah Oil	20
Distillers	17	P & O Dfd.	10	Charterhall	10
Dunlop	7½	Plessey	14	KCA	11
Eagle Star	15	Racal Elect.	22	Premier	13
F.N.F.C.	2¾	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	15	Tricentrol	40
Gen. Electric	30	Reed Intnl.	16	Ultramar	35
Glaxo	20	Sears	5		
Grand Met.	22	Tesco	6		
G.U.S. 'A'	34	Thorn	23	Mines	
Guardian	23	Trust Houses	12	Charter Cons.	14
G.K.N.	20	Tube Invest.	23	Cons. Gold	40
Hawker Sidd	15	Unilever	40	Lonrho	0
House of Fraser	15	U.D.T.	5½	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

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FINANCIAL TIMES

Thursday September 18 1980

Bank predicts sharp fall in inflation rate

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE PROSPECTS now look encouraging for a substantial reduction in the annual inflation rate in the next year, the Bank of England says in its quarterly bulletin.

Britain is, however, likely to face a more severe and prolonged recession than other countries and financial pressures on industry are likely to continue.

The bulletin's main theme is gloomy about the outlook for output and jobs but shows qualified optimism about likely future financial trends.

The bright spot is seen as inflation on which the Bank is more optimistic than it was earlier this year. Bank economists believe the 12-month rate of retail price inflation could be 16 per cent or less by the end of this year, against a Treasury forecast of 16½ per cent. The rate could be down to between 12 and 12½ per cent by mid-1981, compared with earlier projections of 13½ per cent.

The bank sees some grounds for optimism that earnings will rise more slowly in view of competitive pressures, the abandonment of explicit pay comparability in the public sector and the impact of the actual and expected slowdown in the inflation rate.

The other side of this picture is the financial pressure on industry. The Bank estimates that the financial deficit of industrial and commercial companies—after excluding North Sea oil operations—may be about £4.7bn this year, compared with £3.8bn last year and a surplus of £900m in 1978.

The recession so far is not believed to be very different from what was expected at the time of the Budget. The Bank warns that a deeper recession might tend to increase public sector borrowing without necessarily implying any laxity of financial control or change in the Government's fiscal stance. ... ...

¼ It stresses that this possibility "underlines the importance of maintaining control over the course of the larger part of public expenditure which is not directly sensitive to the level of activity."

The recent fast expansion of the money supply and public sector borrowing are largely attributed to special or temporary factors which should not apply in the second half of 1980-81. Despite recent figures it believes there is nothing in the state financial laxity

The bulletin warns that substantial weakening in world demand has only just begun to impinge on the UK economy.

Editorial Comment, Page 20
Bank of England Bulletin, Page 8

Government may restrict public sector rises to 9%

BY SAMUEL BRITTAN

CASH limits providing for increases of not more than 8 to 9 per cent in public sector payrolls are being considered seriously by the Government.

There is also support in Whitehall for an early statement on overall cash limits covering the whole public sector. The shock of a single announcement, it is argued, could have a greater impact than the usual dribble of announcements between the autumn and the spring Budget covering local authorities, the nationalised industries and central government.

Cash limits refer to whole blocks of spending. But for both central and local governments, pay forms by far the largest portion of cash-limited spending. There is a strong body of Government opinion which is determined that payroll increases should be limited to single-figure percentages.

The Government's economic strategists are still as determined as ever to have no truck with anything resembling a national pay norm applying to the private sector.

But despite the abolition of the Clegg Commission, little progress has been made in finding ways of adapting public sector wage offers to supply and demand conditions in different labour markets. Market-related bargaining is highly uncongenial to the centralised bureaucracies on both sides of the public sector negotiating tables.

In practice, there will be something like a going public sector wage offer rate, with strategic exceptions where Ministers believe that discretion is the better part of valour.

Pressure for single-figure cash limits is a reaction partly to the indignation of private sector industrialists to see their own market-enforced wage settlements undermined by large settlements in the protected public sector.

Government policymakers are very conscious of the contrast in the last Retail Price Index figures between the 26 per cent increases in the past year in nationalised industry prices, and rises of well under 10 per cent in sectors such as clothing and durable goods.

An effective ceiling to public sector pay is seen as a better response to the industrialists' criticisms of Government economic policy than a premature reduction in interest rates.

There is also great anxiety about the heavy rate of public sector spending and borrowing. With nearly all the improvement expected in the final three months of 1980-81 increasing attention is being paid to the risk of a serious overshoot.

Indeed, a strong line on public sector pay and expenditure in general is being seen as the main alternative to the income tax increase Mr. Enoch Powell advocated.

Action to control next year's spending would not of course affect the out-turn in 1980-81, but would help to restore credibility to longer-term policies.

One unlamented casualty of the current rethinking is "the funny money" in which public expenditure is presented in the reassuring annual White Papers on the subject.

The emphasis has shifted almost entirely from the so-called volume figures which appear in these White Papers to expenditure at current prices, which is running at well over 20 per cent above a year ago. This means that the key figures now will be the Supply Estimates, the Rate Support Grant, external financing limits for nationalised industries, and similar numbers of a financial kind.

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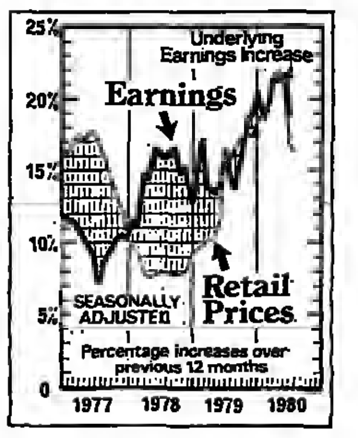


Earnings growth stabilises at 21.5%

BY DAVID MARSH

THE ANNUAL growth of average earnings has stabilised at an underlying rate of about 21.5 per cent, but is unlikely to fall significantly at least until the New Year.

This confronts the Government with the prospect of a continued large gap between earnings growth and retail price inflation in the next few months. Inflation is now down to 16.3 per cent.

Whitehall officials say there is little prospect of the gap closing, even if wage settlements moderate. This is because few pay awards in the 1980-81 wage round now beginning are expected to be implemented before the end of the year.

Figures published yesterday by the Department of Employment show that average earnings, covering employees across the economy, rose 18.8 per cent in the year to July, compared with the rate of 21.7 per cent registered in June.

But officials say the drop was entirely due to technical factors and does not signal any underlying slowdown.

A more reliable figure for the true rate of growth is put at about 21.5 per cent. This is unchanged from June and around the level that has prevailed since the spring, compared with the growth rate about a year ago of 15 per cent.

The major special factor artificially depressing the July index was delayed implementation of pay increases, including back pay, to nurses, teachers and police compared with July last year.

Together with later implementation of pay increases in other parts of the public and private sectors, this lowered the July figure by about 2.5 per cent.

Some of these awards will have worked through into pay packets for August and September—this could produce sharp fluctuations in the index figures published in the next few months.

But there will be little change in the underlying rate for several months, perhaps not until February-March next year.

Partly because companies have been pushing back the dates for pay negotiations, only 10 per cent of the 21 employees covered by the index will get 1980-81 wage awards between August and December.

A total of 50 per cent of awards in the forthcoming wage round will be implemented from January to May next year, by which time Ministers hope for clear signs of pay moderation compared with this year.

Commenting on the acceleration in earnings during the 1979-80 pay round, the Bank of England in its quarterly bulletin published today, points out that earnings in the public sector rose much more than in the private sector.

Pay comparability awards have effectively added about 6.5 percentage points to earnings in the whole public sector and 2 percentage points to those in the entire economy.

Average settlements in manufacturing have been around 16 per cent. The total rise in earnings in this sector — when additional payments like overtime and bonuses are added — has been about 17.5 per cent. Employees in other parts of the private sector, such as services and finance, increased their earnings somewhat faster.

CBI attacks economic policy

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Government last night came under an unprecedented but carefully controlled attack from leading industrialists when the Confederation of British Industry's council passed a resolution complaining about the impact of economic policies on manufacturing companies.

This latest attempt by the CBI to steer a safe course between criticising and supporting the Government was accompanied by a call for interest rates to be reduced 4 percentage points in one jump.

It followed a meeting last Friday in Downing Street when Sir Ray Pennock, CBI president, failed to win immediate backing from the Prime Minister for early action on interest rates and other measures to help industry.

Sir Ray stressed yesterday that the CBI still supported the aims of the Government's policy, but wanted to register its increasing worries about the industrial effects of the policies.

The resolution, passed with only a handful of the 250 industrialists present voting against, said: "The CBI views with concern the continuing high level of revenue expenditure in the public service sector, and objects most strongly to the fact that the main burden of the Government's counter-inflationary policies is being allowed to fall on productive industry and those who work in it."

Sir Ray agreed after the meeting that the last few words could well have said "and those who don't work in it."

The growing concern among industrialists which led the council to take the unprecedented step of passing a resolution condemning the Government has arisen for two associated reasons.

First, industrialists are becoming impatient with the lack of progress being made by the Government on cutting its expenditure and bringing money supply under control. Secondly, there is a growing fear that the Government will allow high pay settlements to be agreed in the public sector which will upset the private sector's steady trend in recent weeks towards single figure wage deals.

These worries came to a head yesterday when the council met for the first time in two months, during which it has become apparent to an increasing number of companies that de-stocking earlier in the summer has not solved their problems.

The terms of the resolution will be spelt out to Sir Geoffrey Howe, Chancellor of the Exchequer, when he meets CBI leaders later this month. However, beyond that, the confederation is not sure what its next tactic should be.

The CBI hopes that the Government will take action quickly enough to stave off an embarrassing public attack when it holds its annual conference in Brighton early in November.

Sir Ray said that any cut in interest rates should now be not less than 4 percentage points to have significant impact on the level of sterling.

This is in line with appeals for a sharp reduction made last Friday by Sir Michael Edwardes, BL chairman, and was in line with a plea issued yesterday by Sir Francis Tombs, chairman of the Electricity Council, for the cut to be large enough to provide the "shock stimulus needed to take the pressure off, beleaguered companies and industries."

EEC moves towards investment grant curb

BY GILES MERRITT IN BRUSSELS

A CLAMPDOWN by the EEC Commission on investment grants by Community members to tempt multinational corporations, appears certain following a decision yesterday by the European Court of Justice against the U.S. tobacco giant Philip Morris.

The decision will have the effect of preventing the Nine from bidding against each other to attract foreign investments.

It is also likely to thwart the hopes for investment assistance of 14 leading U.S. and European multinationals, including Exxon, Shell, Philips, ICI, Polaroid, Rockwell, Dutch States Mines and Sweden's Tetrapack. They will probably not now receive government aids, for which they have applied to help fund projects either in Belgium or the Netherlands.

In its decision the European Court in Luxembourg turned down an appeal by Philip Morris to overturn a refusal by the Commission in Brussels to permit Dutch Government aid to build a new cigarette plant.

The Commission's increasingly hard line on such investment aid has now been backed by the Court, and strict new rules are expected to be applied to future grants. The ruling also means the Commission must stick more strictly to the obligations of the Treaty of Rome.

In relation to the 14 multinationals the European Commission has two options. Either it rejects applications by the companies that it waive the restrictions contained in Article 92 of the Rome Treaty — all 14 cases have been held in abeyance pending the Philip Morris appeal — or it asks the two member governments concerned to withdraw their offers of investment grants.

OPEC

Continued from Page 1

rise automatically according to a formula based on Western inflation, currency fluctuations and the growth rate of the industrialised countries.

Iran, Algeria and Libya said the index should be based on the inflation rate of member countries themselves and the rate of growth of their Gross National Product.

OPEC Finance Ministers meanwhile failed to resolve differences over both the size and scope of the OPEC special fund. It is agreed that both its activity and its capital, authorised at $4bn, should be increased both to alleviate balance of payments problems of non-oil developing countries and to assist them with project finance, particularly for investment in energy

Venezuela and Algeria — backed by Indonesia and Iran — have continued to insist that the fund should be elevated into a fully-fledged development bank with powers to borrow on the international markets and also to make loans to member countries. The majority would prefer merely to expand the fund on its present basis.

No agreement has been reached on a method of calculating contributions to its capital. This problem has been compounded by an Iranian proposal that an increase in its capital to $20bn should be financed by an oil price rise. The Finance Ministers will meet again in Quito, Equador, on October 6 at a previously scheduled meeting of the fund's governing council to reconsider the unsolved questions.

Continued from Page 1

RTZ

term capital base and support the expansion of the group's business on a worldwide basis," it said.

The group hopes that some opportunities will develop in the UK as these would help to reduce its tax rate. However, chairman Sir Mark Turner said the company is not interested in making acquisitions.

Sir Mark said the issue was being made in the form of a convertible loan stock because the board considered that, in the current uncertain economic conditions, an equity issue might leave shareholders "with a not very satisfactory security" and would cause greater dilution of equity to raise the same amount of money. The stock is convertible at the rate of 20 shares for £100 of stock.

Continued from Page 1

Phones

scheme would give British telecommunications manufacturers a greater incentive to accelerate the development of modern equipment destined for both the home and export markets.

The Government is keen to strengthen the manufacturers' competitive position as much as possible before the Post Office's monopoly over telecommunications equipment is lifted in about three years' time

The new scheme's prospects are likely to depend crucially on whether Sir Arnold Weinstock's GEC can be persuaded to participate. With about £600m in cash on hand, GEC is by far the wealthiest of British Telecom's suppliers.

But even if the company agreed to take part, establishing the consortium might call for delicate negotiations. Other companies could be put off if GEC insisted on taking what they considered an unacceptably large shareholding in the venture.

Weather

UK TODAY

Generally cloudy, some heavy rain, bright intervals.

All areas (except S.W. Scotland and N. Ireland): Cloudy, some rain or drizzle, outbreaks of heavy rain and a few bright intervals. Max. 18C (64F).

S.W. Scotland and N. Ireland: Showers and more brighter periods. Max. 15C (59F).

Outlook: Unsettled and windy. Cooler than normal.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	London	C	17	63
Algiers	S	27	81	Luxmbg.	F	17	63
Amsdm.	F	18	64	Luxor	S	37	99
Athens	F	25	77	Locarno	F	23	73
Bahrain	S	35	95	Madrid	S	28	82
Barclna.	C	26	79	Majorca	S	27	81
Belfast	C	15	59	Malaga	S	27	81
Belgrd.	S	20	68	Malta	F	25	77
Berlin	C	17	63	M'chstr	C	16	61
Biarritz	F	23	73	Melbne.	R	13	55
Bmghm.	C	15	59	Milan	F	22	72
Blackpl	F	16	61	Montreal.	R	15	59
Bordx	F	23	73	Moscow	S	20	68
Boulgn.	F	17	63	Munich	F	22	72
Bristol	C	16	61	Nairobi	S	27	81
Brussels	F	19	66	Naples	S	25	77
Budpst.	S	19	66	Nwcstl	F	16	61
Cairo	S	31	88	N. York	C	18	64
Cardiff	C	16	61	Nice	F	23	73
Cas'b'ca	S	27	81	Nicosia	S	27	81
Cape T.	F	17	63	Oporto.	F	19	66
Cologne	F	16	61	Oslo	R	11	52
Cpnhgn	C	14	57	Paris	F	19	66
Corfu	S	28	82	Perth	C	16	61
Dublin	C	14	57	Prague	F	18	64
Dbrvnk.	S	25	77	Reykjvk.	S	7	45
Ednbgh.	F	15	59	Rhodes	S	27	81
Faro	S	28	82	Rome	S	25	77
Florence	S	27	81	Salzbrg.	F	23	73
Frankft	S	20	68	Singapr.	F	32	90
Funchal	S	24	75	Stckhm.	C	15	59
Geneva	F	22	72	Strasbg.	F	23	73
Gibrltr	F	26	79	Sydney	S	24	75
Glasgow	R	15	59	Tangier	S	28	82
G'rnsey	C	16	61	Tel Aviv	S	27	81
Helsinki	C	13	55	Tenerife	S	25	77
H Kong	F	31	88	Tokyo	C	28	82
Innsbrk	F	24	75	Tunis	S	28	82
I.o.Man	C	14	57	Valencia	C	27	81
Istanbul	F	21	70	Venice	S	22	72
Jersey	C	17	63	Vienna	F	18	64
Jo'burg	S	24	75	Warsaw	S	15	59
L. Plms	S	27	81	Zurich	F	20	68
Lisbon	S	26	79				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Nuclear power call

A CALL for more speed in developing of nuclear power came yesterday from Mr. Peter Walters, a deputy chairman of British Petroleum.

THE LEX COLUMN

Puzzle of RTZ's cash call

Rio Tinto-Zinc's £123m rights issue comes at a time when the shares stand at a 10-year high. The price has risen much faster than the market as a whole over the last two years, and has jumped by around two-fifths since May. The issue coincides with the announcement of interim profits that could easily turn out to be at a cyclical peak. And it comes just a few days after shareholders in the mining finance sector received cheques for well over £100m from BP as part-payment for Selection Trust.

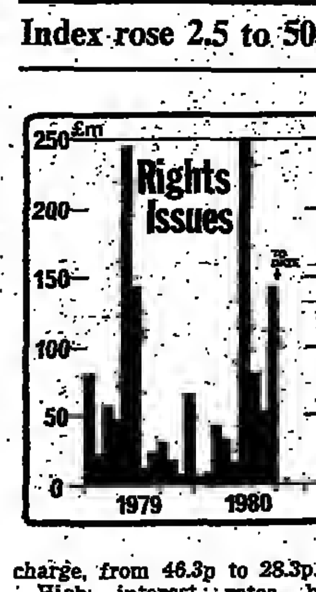
So maybe it is not worth getting fussed about minor details like why RTZ should be looking for new equity at a time when debt represents a lower proportion of its capital employed than at any time in the last decade. Another unanswered question is why a group capitalised at £1.2bn should choose to raise this amount of money in this form: 9¼ per cent convertible loan stock, which has been underwritten at a cost of nearly £3m.

RTZ already has a tax problem in the UK, with over £23m of advance corporation tax written off at the last count, and this issue can only make it worse. The group's stated explanation for the issue, as well as its comments on this year's profits and dividend outlook, are no help at all.

The loan is convertible at any time between 1984 and 1995 at a premium of less than 3 per cent over the current market price. Since the ordinary currently yield only 4.7 per cent, the loan will look very attractive to potential investors in RTZ. But whether it will be such good news for existing shareholders is quite another matter, at least over the short term.

To be fair, though, the group's last rights issue—a highly opportunist affair in the spring of 1975—proved a very rewarding buy. And RTZ is no slouch when it comes to finding new opportunities for investment.

Index rose 2.5 to 500.8



Dalgety

Dalgety profit forecasts have been a sharply falling market since £50m was heard around the time of the Spillers acquisition, and yesterday there was some relief that the group (including eight months of Spillers) had managed to make £33.3m pre-tax, against £31.5m. The cost of the take-over shows through in a £20m extraordinary item for rationalisation—before any write-down of Spillers' assets—and a fall in earnings per share, after a higher tax charge, from 46.3p to 28.3p.

High interest rates have struck hard, both through their direct impact on a group with £170m of floating rate debt, and by inducing U.S. customers to cut stocks, which cost Dalgety's frozen food business £5m. And then Spillers' petfood business ran out of cans in the steel strike, and its animal food side lost orders during the merger.

There should be a certain amount of automatic recovery this year, especially if interest rates fall substantially. But some difficulties are emerging elsewhere—in malt, for instance—and for Dalgety to make, say £45m, requires a rock-solid performance from the Australasian commodity businesses. On this year's tax charge Dalgety needs to make £42½m just to take earnings per share up to 30p, which leaves the shares, up 13p yesterday to 295p, leaning heavily on the 11 per cent yield.

Dalgety is working hard to conserve cash—overall gearing is not up significantly on the last balance sheet, after a £30m fal in total debt in the six months to June and there may eventually be some disposals to help fund capital spending. In these circumstances the 22p dividend, not covered by current cost earnings, is rather on the high side—another item on the bill for Spillers.

Gold Fields

Although the gold bullion price was wobbling just a little yesterday afternoon in the face of stories—duly confirmed—that the OPEC conference was failing the worldwide rush into gold shares continued apace—to the extent that the FT Gold Mines Index jumped by 23.2 points to 487.9. That helped the price of Consolidated Gold Fields to put on 20p to 610p—only a whisker short of the 615p or so paid by De Beers in the notorious February 12 raid. And Gold Fields' results for the year to June did no harm at all, with earnings per share jumping nearly three-fifths to 60.5p. Moreover the dividend has been jacked up by two-thirds, a move which should leave Mr. Harry Oppenheimer reasonably happy.

Taking in gold mine dividends net rather than gross has actually rubbed just a little of the glister off profits at the pre-tax level, so that they appear as £141.9m (up 61 per cent) rather than the £157.6m which would have been reported on the old accounting basis. Gold income, naturally, has led the way, rising some 90 per cent for the year (after a 47 per cent gain at half-time). But there are also solid increases from Amey Roadstone, helped by more normal winter weather, and the U.S. industrial interests, while the base metal mining operations had a much better year, especially in Australia.

This year's non-gold prospects are rather less promising, but they should hold up if the U.S. economy begins to recover and base metal prices are steady. But it is the recent recovery in the gold price that lies behind the market's confidence that Gold Fields will able to push its earnings further ahead by a decent margin in 1980-81. The yield is 5.4 per cent.

Gilt-edged

Banking make-up appeared to go smoothly yesterday and there was no opportunity for round-tripping of the kind which can distort the monetary aggregates. On the face of it the growth in bank lending in banking September should have been modest despite the payment of just over £1bn of petroleum revenue tax — the oil companies, at least, are not short of cash. But the gilt-edged market showed only modest gains, although there was growing optimism about a settlement of the docks dispute. This leaves today's new tap stock Exchequer 12 per cent 1998 "A" still some way above the market at its minimum price of 92¼, so there are unlikely to be very large applications.

Still, in its Quarterly Bulletin published today the Bank of England does its best to back up the Treasury's assurances about lower public borrowing in the second half of the financial year, and it foresees a significant slowdown in inflation over the next six months.

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